a world of energy

Document de référence 2013

English version

Rexel, Company with limited liability *(société anonyme)*
with a Management Board and Supervisory Board
with a share capital of €1,416,862,255

Registered office:
13, boulevard du Fort de Vaux –
75017 Paris
479 973 513 R.C.S. Paris

2013
ANNUAL REPORT
DOCUMENT DE RÉFÉRENCE

This *Document de Référence* was filed with the *Autorité des marchés financiers* on March 21, 2014, in accordance with Article 212-13 of the General Regulations of the *Autorité des marchés financiers.* It may be used in connection with any financial transaction if completed by a *note d'opération* in respect of which the *Autorité des marchés financiers* has granted a visa. This *Document de Référence* has been prepared by the issuer and its signatories therefore assume responsibility for its contents.

Copies of this *Document de Référence* are available at no cost at the registered office of Rexel, 13, boulevard du Fort de Vaux, 75017 Paris – France. This *Document de Référence* is also available on the Internet site of Rexel (**www.rexel.com**) and on the Internet Site of the *Autorité des marchés financiers* (**www.amf-france.org**).

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General information

This *Document de Référence* was prepared in connection with Rexel's disclosure obligations and for the purpose of the Rexel's ordinary and extraordinary shareholders' meeting convened for May 22, 2014 (the **"Shareholders' Meeting"**).

In this *Document de Référence*, **"Rexel"** refers to the company Rexel. References to **"Rexel Développement"** are to Rexel Développement S.A.S., a direct subsidiary of Rexel. References to **"Rexel Distribution"** are to Rexel Distribution, an indirect subsidiary of Rexel, which merged into Rexel Développement during the 2011 financial year. The **"Rexel Group"** and the **"Group"** refer to Rexel and its subsidiaries and, before 2005, to Rexel Distribution and its subsidiaries.

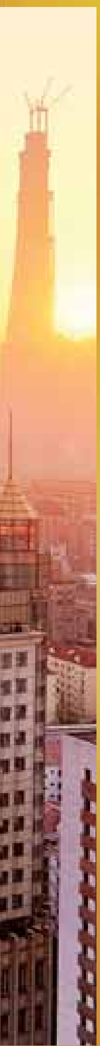
This *Document de Référence* contains information about the Rexel Group's markets and competitive position, including information relating to market size and market share. Unless otherwise stated, this information is based on the Rexel Group's estimates and is provided solely for indicative purposes. To the Rexel Group's knowledge, there are no authoritative external reports in relation to the market providing comprehensive coverage or analysis of the professional distribution of low and ultra-low voltage electrical products. Consequently, the Rexel Group has made estimates based on a number of sources, including internal surveys, studies and statistics from independent third parties or professional federations of electrical products distributors, specialist publications (such as Electrical Business News and Electrical Wholesaling), figures published by the Rexel Group's competitors and data from operational subsidiaries. These various studies, which the Rexel Group considers reliable, have not been verified by independent experts. The Rexel Group does not guarantee that a third party using other methods to analyze or compile market data would obtain the same results. In addition, the Rexel Group's competitors may define their markets differently. The data relating to market share and market size included in this *Document de Référence* thus do not constitute official data.

This *Document de Référence* contains information on the intentions, objectives and prospects of development of the Rexel Group. Such information should not be interpreted as a warranty that the facts stated will occur. Such information is based on data, assumptions, and estimates that the Rexel Group considers reasonable. They are likely to change or be modified due to the uncertainties of the economic, financial, competitive or regulatory environment.

The forward-looking statements provided in this *Document de Référence* are made as of the date of this *Document de Référence*. Excluding any applicable legal or regulatory requirements, the Rexel Group does not make any commitment to publish updates of the forward-looking statements provided to reflect any changes in its targets or events, conditions or circumstances on which such forward-looking statements are based. The Rexel Group operates in a competitive environment subject to rapid change. Therefore it is not able to anticipate all risks, uncertainties or other factors that may affect its activities, their potential impact on its activities or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a projection or guarantee of actual results.

Overview of the Rexel Group

1



1.1 Selected consolidated financial data

The selected financial data set forth below has been prepared on the basis of the consolidated financial statements of Rexel for the years ended December 31, 2013, 2012, and 2011.

Rexel's consolidated income statement highlights

(in millions of euros)	2013	2012	2011 restated [1]	2011
Sales	13,011.6	13,449.2	12,717.1	12,717.1
Gross profit	3,188.5	3,315.0	3,117.5	3,117.5
As a % of sales	*24.5%*	*24.6%*	*24.5%*	*24.5%*
EBITA[2]	686.9	767.4	722.3	719.6
Adjusted EBITA[2]	702.2	765.6	728.7	726.0
As a % of sales	*5.4%*	*5.7%*	*5.7%*	*5.7%*
Operating income	521.0	647.4	599.6	596.9
Net income	211.0	318.6	316.0	319.0
Net income attributable to the Rexel Group	210.6	318.1	315.3	318.3

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012).

(2) EBITA (earnings before interest, taxes and amortization) is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses. Adjusted EBITA (**"Adjusted EBITA"**) is defined as EBITA excluding the estimated non-recurring net impact from changes in copper-based cable prices (see paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence*). EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITA and Adjusted EBITA differently than Rexel.

The following table sets forth a reconciliation of EBITA and Adjusted EBITA with operating income:

(in millions of euros)	2013	2012	2011 restated [1]	2011
Operating income	521.0	647.4	599.6	596.9
(–) Other income[2]	(11.4)	(15.9)	(39.6)	(39.6)
(+) Other expenses[2]	157.6	122.6	146.6	146.6
(+) Amortization of intangible assets recognized on the occasion of purchase price allocations	19.7	13.3	15.7	15.7
= EBITA	**686.9**	**767.4**	**722.3**	**719.6**
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices[3]	15.3	(1.8)	6.4	6.4
= Adjusted EBITA	**702.2**	**765.6**	**728.7**	**726.0**
Adjusted EBITA margin	5.4%	5.7%	5.7%	5.7%

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012).

(2) See notes 7.1 and 7.2 to Rexel's consolidated financial statements for the year ended December 31, 2013, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

(3) See paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence*.

Rexel's consolidated cash flow statement highlights

(in millions of euros)	2013	2012	2011
Operating cash flow[1]	674.0	748.5	739.3
Changes in working capital requirements	50.6	(37.2)	(69.9)
Cash generated from operating activities before net interest and income taxes	724.6	711.3	669.4
Net capital expenditure	(72.1)	(83.8)	(68.4)
Changes in working capital requirements adjusted for timing difference in supplier payments[2]	(51.9)	–	–
Free cash flow before net interest and income taxes[3]	600.6	627.5	601.0

(1) Before interest, taxes and changes in working capital requirements.
(2) Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014.
(3) Free cash flow before net interest and income taxes is defined as the change in net cash flow from operating activities before net financial interest expense and income taxes paid, less net capital expenditure.

Rexel's consolidated balance sheet highlights

	DECEMBER 31,			
(in millions of euros)	2013	2012	2011 restated [1]	2011
Non-current assets	5,642.2	5,910.2	5,437.8	5,454.1
Working capital requirements	1,273.9	1,433.5	1,231.6	1,231.6
Shareholders' equity	4,224.7	4,117.6	4,041.9	4,150.8
Net indebtedness	2,192.0	2,599.2	2,078.2	2,078.2
Other non-current liabilities	499.4	626.9	549.3	456.7

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012).

A description of the Rexel Group's indebtedness and credit ratings is provided in paragraph 4.4 "Sources of financing" of this *Document de Référence*.

1.2 History and development

1.2.1 Company name

Rexel's company name is "Rexel".

1.2.2 Place of registration and registration number

Rexel is registered with the commercial registry *(Registre du commerce et des sociétés)* of Paris under number 479 973 513 RCS Paris.

1.2.3 Date and term of incorporation

Rexel was incorporated on December 16, 2004, as a simplified joint stock company *(société par actions simplifiée)* for a term of ninety-nine years expiring on December 16, 2103, except if the term is extended or if the company is subject to early dissolution.

Rexel was converted into a French *société anonyme* with a Management Board and a Supervisory Board by a resolution of the ordinary and extraordinary shareholders' meeting of February 13, 2007.

1.2.4 Registered office, legal form and applicable law

Rexel registered office is at 13, boulevard du Fort de Vaux, 75017 Paris, France (tel: +33 (0)1 42 85 85 00).

Rexel is a *société anonyme* under French law with a Management Board and a Supervisory Board, governed by the legal and regulatory provisions of Book II of the French Commercial Code.

1.2.5 Rexel Group history

Rexel Distribution was created in 1967 under the name of Compagnie de Distribution de Matériel Electrique (CDME), adopting the name Rexel in 1993 and then Rexel Distribution in 2007.

Rexel Distribution was first listed on the *Second Marché* of the Paris stock market on December 8, 1983 and was admitted to trading on the *Premier Marché* of the Paris stock market in 1990. In 1990, Pinault-Printemps-Redoute ("PPR") became Rexel Distribution's majority shareholder following the acquisition of Compagnie Française de l'Afrique Occidentale (C.F.A.O.), of which CDME, renamed Rexel and then Rexel Distribution, was a subsidiary.

Pursuant to a purchase agreement signed on December 10, 2004, PPR, acting through its subsidiary Saprodis S.A.S., transferred a controlling stake of 73.45% of Rexel Distribution's share capital to a consortium of private equity funds comprising Clayton Dubilier & Rice, Eurazeo S.A. and Merrill Lynch Global Private Equity (renamed BAML Capital Partners). This sale was followed by a standing offer, a public buyout offer followed by a compulsory squeeze-out, following which Rexel Distribution's shares were delisted from the regulated market of NYSE Euronext in Paris on April 25, 2005. Rexel's shares were admitted for trading on the regulated market of NYSE Euronext in Paris market on April 4, 2007.

The Rexel Group first developed its business of the professional distribution of low and ultra-low voltage electrical products in France. It then began to expand internationally through acquisitions.

Further to the implementation of these restructuring and reorganization measures between 2002 and 2003, in 2004 the Rexel Group focused on stepping up its organic growth, with the main aim of developing its services offering – which became one of Rexel Group's priorities – and increasing the number of local sales and marketing initiatives. The Rexel Group also continued to optimize its operating structure in terms of both its sales and marketing networks and support functions, particularly logistics and IT.

Organic growth has been coupled with a selective acquisitions strategy. The Rexel Group has acquired companies with a regional, national or international presence, allowing it to strengthen its position in targeted regions, as well as companies established in emerging markets offering strong growth potential. Between 2006 and 2013, the Rexel Group carried out 52 consolidating acquisitions, representing approximately €2 billion in sales, as well as two transforming acquisitions: the acquisition of GE Supply in 2006 and the acquisition of the Hagemeyer group in 2008.

1.3 Recent Acquisitions and Disposals

The acquisitions and divestitures carried out during the financial years ended December 31, 2012 and December 31, 2011 are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013 under number D.13-0130 and in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164, respectively.

The acquisitions and divestures carried out during the financial year ended December 31, 2013 are described in note 3.1 of the Notes to Rexel's consolidated financial statements for the financial year ended on December 31, 2013 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*. The acquisitions and divestitures carried out after December 31, 2013 are described in note 26 of the Notes to Rexel's consolidated financial statements for the financial year ended on December 31, 2013 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

1.4 Business and Strategy

The Rexel Group believes that it is one of the leading low- and ultra-low voltage electrical products distributors worldwide based on its 2013 sales and number of branches. At December 31, 2013, the Rexel Group had operations in 38 countries across four areas: Europe, North America, Asia-Pacific and Latin America.

The consolidated sales of the Rexel Group for 2013 amounted to €13,011.6 million, 55% of which were generated in Europe, 34% in North America, 9% in Asia-Pacific and 2% in Latin America. Based on 2013 sales, the Rexel Group believes that it is the top distributor in the Asia-Pacific region, and number two in Europe and in North America. The Rexel Group recorded an Adjusted EBITA in 2013 of €702.2 million representing 5.4% of the 2013 consolidated sales.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (58% of its 2013 sales), industrial companies (22% of its 2013 sales), commercial market companies, including municipalities and public entities (9% of its 2013 sales), as well as an "other customers" category, which includes resellers and large do-it-yourself stores (11% of its 2013 sales). The Rexel Group's customers install the electrical products that it distributes in three end-markets: the industrial, commercial building and residential building markets. Its products are used in new installations and construction, as well as in the maintenance or renovation of existing installations and buildings.

The Rexel Group distributes a broad range of technical solutions and services aimed at responding to all of the needs of electrical contractors, as well as direct industrial and commercial customers. The Rexel Group's product offering is composed of seven product families indicated below with their respective percentage of 2013 sales: electrical installation equipment (39% of sales); cables and conduits (22% of sales); lighting (17% of sales); security and communication (5% of sales); climate control (4% of sales); tools (2% of sales); white and brown products (1% of sales); and other products (11% of sales, including services). The Rexel Group adds value to its product offering by providing related services, including logistics, technical assistance and training services.

As of December 31, 2013, the Rexel Group's branch network consisted of 2,272 branches organized around various commercial brands and had 29,851 employees.

The operating sectors on which the consolidated financial statements of the Rexel Group are based are presented in note 4 to the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

1.4.1 The Rexel Group's markets

1.4.1.1 The professional distribution of low and ultra-low voltage electrical products market

- Characteristics of the professional distribution market

Significant market size

Based on its estimates, the Rexel Group believes that the market for professional distribution of low and ultra-low voltage electrical products amounted to approximately €168 billion worldwide in 2013, stable as compared to 2012, at constant foreign exchange rates.

In addition to the products sold by professional distributors of electrical products, there are at least four other distribution channels for low and ultra-low voltage electrical products:

– manufacturers who directly sell products to industrial and commercial customers. These sales are essentially made in connection with large infrastructure projects or large contracts (industrial construction sites, for example) where size and technical specifications justify a direct relationship between the manufacturer and the end-user;

– large do-it-yourself stores that distribute products directly to end-users through general purpose commercial areas. These stores are characterized by a limited offering of electrical products and generally target the residential market; and

– distributors of electrical equipment that specialize in e-commerce;

– distributors that specialize in certain adjacent segments: low voltage eletrical equipment, ventilation / air-conditioning equipment or lavatories or plumbing.

The valuation of this market does not include various services that go beyond the mere distribution of electrical products, such as the conduct of energy audits or complementary logistical services such as inventory management.

A growing market

The Rexel Group believes that its market will grow over the long term, in line with increasing energy consumption. Overall, this expected upward trend is due to a combination of a number of macroeconomic factors, including:

– the development of access to electricity linked to demographic growth and distribution;

– energy issues awareness; and

– increased demand for comfort and safety.

In addition to macroeconomic factors, the Rexel Group believes that the market for the professional distribution of low and ultra-low voltage electrical products is supported by a combination of other factors, including:

– continuous technological innovation (e.g., home automation) and a modernization of existing materials. Customers are looking for products with high added value that offer increased functionality, in particular with regard to security, comfort and energy saving, which leads to a high rate of renewal of product references;

– a regulatory environment that is evolving and different from country to country. Changes in security standards and energy consumption are notable factors in the replacement of equipment;

– the development of technical assistance and maintenance services, as a result of the technological evolution of products and a growing demand for value added products from customers;

– the development of solutions aiming at reducing energy consumption or launching the production of new energy solutions;

– the consolidation of global players customers looking for identical services across all their markets; and

– the emergence of growing market sub-segments requiring comprehensive solutions with strong added value, such as the oil & gas and mining markets.

A generally more mature market in countries with developed economies

The characteristics of the professional distribution of low and ultra-low voltage electrical products sector vary with regard to the maturity of the market. In emerging market countries, depending on their development stage, the market, with a more substantial part of large infrastructure projects, is served by manufacturers which sell their products directly to the end user. Developed economy countries present a more favorable environment to the professional distribution model, the preferred interface between manufacturers and end users, primarily because of the more diffused needs of industry and construction, a higher comfort level linked to higher purchasing power and more stringent regulation.

The development of new markets

The worldwide market for the professional distribution of low and ultra-low voltage electrical products could benefit from the development of certain emerging markets. Economic development could enable distributors to participate in the distribution of their products and the development of value-added services.

On the basis of a multi-criteria analysis of the different emerging markets (taking into account, for example, market potential, ease of access to customers, strategic importance of local suppliers, standardization of equipment, importance of multi-brand distributors and the existing state of professional distribution), the Rexel Group believes that some countries or regions, including China, South East Asia, Brazil and the Middle East, offer, in the long run, major growth opportunities with distribution markets that still represent a relatively small portion of end-consumption.

Finally, the Rexel Group believes that the role of professional distributors is strengthened by the development of customer expectations, as customers are increasingly focused on the improvement of service levels in terms of procurement capacities, availability of products and reduction of energy consumption.

Renewal of product offering that supports price increases

The continuous development and renewal of the Rexel Group's product offering to include products with higher added value tends to support the steady growth of average prices. This trend is particularly noticeable in the more technical product families, such as industrial automation, lighting, security and communication products. Price increases also occur as a result of changes in product safety and energy savings standards, which tend to lead to product renewals and more sophisticated product ranges (for example: scheduled outage of incandescent bulbs which bolsters sales of low-consumption bulbs and the development of renewable energy, wind or photovoltaic solutions).

A fragmented market

At the worldwide level, the market for the professional distribution of low and ultra-low voltage electrical products is characterized by a large number of distributors. The Rexel Group believes that, worldwide, through its network of 2,272 branches it held a market share of approximately 8% in 2013.

The level of market consolidation is extremely varied from country to country. More specifically, in the United States, the market can be divided into two categories: 7 distributors with a multi-regional scope (including the Rexel Group), which the Rexel Group believes represent slightly more than 25% of all sales made in 2013; and an extremely fragmented group of distributors with a regional scope, as the top 200 distributors, including the 7 largest, represent only approximately 50% of the market. This results, in particular, from the geographic breadth of the market and the historical presence of distributors active only in specific local markets. By contrast, in certain countries such as Autralia, Canada, France, The Netherlands, the United Kingdom, Scandinavia and Switzerland, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of distributors who have consolidated and structured these markets.

The Rexel Group estimates that, in 2013, approximately 25% of worldwide sales in the market for the professional distribution of low and ultra-low voltage electrical products were made by 8 major distributors: Rexel, Sonepar and Consolidated Electrical Distributors, acting on the principal world markets, Graybar Electric Company, W.W. Grainger and WESCO International, which principally operate in North America, and Solar and Ahlsell, which principally operate in Northern continental Europe.

The remaining approximately 75% of worldwide sales on the market for the professional distribution of low and ultra-low voltage electrical products is generated by a large number of medium-sized businesses that operate on a national, regional or local level. In certain countries, electrical products distributors of smaller size are seeking to increase their power by creating purchasing associations. These purchasing associations include national distribution networks as well as independent distributors that manage one or more branches.

The fragmentation of the market for the professional distribution of low and ultra-low voltage electrical products in certain countries, as well as the quest for productivity gains and economies of scale, favor the consolidation of distributors.

Risks related to acquisitions are described in paragraph 2.1.1.2 "Risks relating to acquisitions" of this *Document de Référence*.

• Breakdown of the professional distribution market

Geographic breakdown of the professional distribution market

Based on the Rexel Group's estimates, North America constitutes the largest market for professional distribution of low and ultra-low voltage electrical products worldwide, representing approximately 43% of the market in 2013 (€72 billion). In 2013, Europe represented approximately 25% of the market (€41 billion) and the Asia-Pacific region represented approximately 22% of the market (€37 billion, of which Japan represented €10 billion). The other geographic zones (Latin America, Africa and the Middle-East) represented approximately €18 billion.

Breakdown of the market for professional distribution of electrical products by major country(1)

COUNTRY	UNITED STATES	GERMANY	ITALY	FRANCE	UNITED KINGDOM	CANADA	CHINA
Size (billions of euros)	67	8	6	7	3	5	14
Exchange rate (€1)	1.3	1.0	1.0	1.0	0.8	1.4	8.2

(1) Source: Rexel estimates. In 2013, Rexel carried out a global review of the distributed electrical market, resulting in particular in an upward adjustment in the weight of North America as compared to previous estimates.

End-markets for the installation of electrical products

The professional distribution of electrical products encompasses three end-markets in which customers of distributors of electrical products operate:

– the commercial building market, referred to as the “commercial market”, which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of stores, schools, office buildings, hotels, community buildings as well as energy production facilities, public networks and transportation infrastructure;

– the industrial market, which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of factories and other industrial sites; and

– the residential building market, referred to as the “residential market”, which essentially covers the use of electrical products in the construction, expansion, renovation and standardization of houses, housing developments, apartment buildings and public housing.

Rexel believes that the breakdown of Rexel Group sales in 2013 by end-markets was as follows:

END-MARKET	REPORTED
Commercial	43%
Industrial	35%
Residential	22%

1.4.1.2 The Rexel Group’s customers and their markets

The Rexel Group offers solutions and services to a large variety of customers, including contractors, end-users with internal installation departments, parts manufacturers and panel builders. The diversity of the Rexel Group’s customer base allows it to not be dependent on a given customer, although the concentration of the Rexel Group’s customers can be higher in certain countries or for certain product ranges. The ten most important customers of the Rexel Group represent less than 10% of the Rexel Group sales for 2013.

The Rexel Group’s customers are classified into four categories: contractors, industrial companies, commercial companies and other customers.

Contractors

General and specialty contractors represented 58% of the Rexel Group’s 2013 sales (22% were generated through large contractors and 36% by small- and medium-sized contractors). The Rexel Group’s customer base includes, depending on the type and size of a given project, electricians and small contractors, medium-sized contractors and large contracting companies. These customers are present in each of the Rexel Group’s three markets: industrial, commercial and residential.

Industrial companies

Industrial companies, which are the end-users in the industrial market, accounted for 22% of the Rexel Group’s 2013 sales. These customers include manufacturers, parts manufacturers, panel builders, the professionals who provide maintenance services for such machines and industrial end-users.

Commercial companies

Commercial companies consist of end-users in the commercial market, including municipalities and public entities, and represented 9% of the Rexel Group’s 2013 sales. These customers include companies that operate in the commercial and retail industry, commercial services, public services and housing and transportation infrastructures.

Other customers

The Rexel Group also sells its products to other categories of clients, including resellers and large do-it-yourself stores. These customers generated 11% of the Rexel Group’s 2013 sales.

1.4.1.3 Geographic breakdown of the Rexel Group's markets

The Rexel Group's operations are organized around four principal geographic areas (Europe, North America, Asia-Pacific and Latin America). The Rexel Group's 2013 sales amounted to €13,011.6 million, broken down among the various regions as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	**7,078.6**	**55**
– France	2,423.7	19
– United Kingdom	950.7	7
– Germany	804.0	6
– Scandinavia	888.1	7
– Benelux	541.0	4
– Others	1,471.1	11
North America	**4,441.1**	**34**
– United States	3,217.4	25
– Canada	1,223.7	9
Asia-Pacific	**1,196.8**	**9**
Latin America	**294.8**	**2**
Other operations	**0.3**	**–**
Total	**13,011.6**	**100**

Europe

Based on its estimates, the Rexel Group was the number two player in the market for the professional distribution of low and ultra-low voltage electrical products in Europe and held a market share of 17% in 2013. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 25%, 41% and 34% of its 2013 sales in Europe.

As of December 31, 2013, the Rexel Group had operations in 22 European countries. The Rexel Group believes that it is the number one or number two player in 15 of these countries, which account in the aggregate for approximately 70% of the total European market.

North America

According to its estimates and based on its 2013 sales, the Rexel Group's market share in 2013 amounted to approximately 6% of the North American market for the professional distribution of low and ultra-low voltage electrical products. The Rexel Group believes that it is number two in this area, with market shares of 5% in the United States and 26% in Canada.

In North America, the Rexel Group operates essentially in the industrial and commercial markets, and to a lesser extent in the residential market. The Rexel Group believes that the industrial, commercial and residential markets respectively represented 45%, 50% and 5% of its 2013 sales in North America.

Asia-Pacific

Thanks to its position in Australia and New Zealand, based on its estimates and 2013 sales, the Rexel Group believes that it is the leader in the Asia-Pacific region.

The Rexel Group has increased its operations in China in the last few years, and is now one of the main international distributors with operations in China, with €369.5 million in sales in 2013, in a country where the portion of products distributed by structured groups is still low due to the level of maturity of the market. With its early 2011 acquisitions, the Rexel Group now has branches in India. In 2013, the acquisition of Quality Trading allowed the Rexel Group to become the number 3 palyer in Thailand, one of the more dynamic markets in Asia. Lastly, the Rexel Group also operates in Indonesia, Malaysia, Singapore, South Korea and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 48%, 33% and 19% of the Rexel Group's 2013 sales in the Asia-Pacific region.

Latin America

The Latin America region accounts for 2% of Rexel's 2013 sales. It includes distribution of electrical equipment in Chile and, since 2011, Brazil and Peru.

Based on its estimates, the industrial, commercial and residential markets respectively represented 65%, 25% and 10% of the Rexel Group's 2013 sales in the Latin America region.

The Group's strategy is described in paragraph 1.4.4 "The Rexel Group's strategy" of this *Document de Référence*.

The risks related to the general economic environment are described in paragraph 2.1.1.1 "Risks relating to the general economic environment" of this *Document de Référence*.

1.4.2 Professional distribution of low and ultra-low voltage products

1.4.2.1 A distributor of services and technical solutions

The Rexel Group offers a broad range of products and services that aim to respond to all of the needs of contractors, as well as those of industrial and commercial customers (industrial and commercial companies, municipalities, public entities, parts manufacturers and panel builders). The Rexel Group's service offerings allow its customers to master technological advancements inherent in the product families it distributes and accompanies them over the course of their projects.

• Broad product and technical solutions offering

The Rexel Group's product offering, which is classified into seven product families, aims to cover all of the needs of electrical contractors and industrial and commercial customers:

– **electrical installation equipment** (44% of 2013 sales), which includes coupling and circuit protection equipment (such as switches, circuit breakers, meters and fuses); energy conversion and storage equipment (such as transformers, storage batteries, chargers and generators); control equipment (such as industrial automated devices and network control devices); sensors, actuators and consumption devices (such as pumps, fans, ventilators and compressors) as well as solar panels. All of these equipments are key in the electric power consumption control and optimization;

– **cables and conduits** (24% of 2013 sales), which allow for the distribution of electricity and include raceways, moldings and cable trays;

– **lighting** (19% of 2013 sales), which includes lighting sources, such as incandescent or halogen bulbs, low energy consumption light bulbs and fluorescent bulbs, and LED on the one hand, and lighting equipment on the other hand, such as interior and exterior lighting systems, sensors as well as decorative accessories;

– **security and communication** (5% of 2013 sales), which principally includes voice, data and image (VDI) transmission equipment, intruder and fire detection equipment, and monitoring and access control equipment;

– **climate control** (4% of 2013 sales), which includes ventilation, air conditioning, heating equipment (in particular those relying on renewable energy);

– **tools** (2% of 2013 sales), which include hand tools, electrical tools and measuring instruments; and

– **white and brown products** (1% of 2013 sales), which include household appliances and consumer electronics products.

The product families and percentages above solely relate to the professional distribution of low and ultra-low voltage electrical products. These product offerings do not include the specific services provided by certain specialized entities of the Rexel Group, such as Gexpro Services in the United States. These other businesses generated approximately 10% of the Rexel Group's sales in 2013.

In general, each of these product families has represented a relatively stable percentage of the Rexel Group's sales over the past three years.

The Rexel Group offers a wide range of technical solutions, which allows it to adapt its product offerings to local consumption habits and applicable technical standards as well as technological innovations. As a result, the products portfolio may be increased, especially as part of the MRO (Maintenance, Repair and Operation) contracts. In addition, the renewal rate of listed products is estimated to range between 10% and 15% of the range of products distributed by the Rexel Group each year, depending on the country. The Rexel Group's product offering is generally marketed under their brands, whose national or, depending on the market, local reputation is a significant criterion in contractors' purchasing decisions. Changes in the Rexel Group's product offering are the result of a dynamic and continuous process that takes into account customers' expectations.

In limited market segments identified as well-suited to such products, the Rexel Group also distributes its own-brand products, where it achieves, on average, margins above those for equivalent product categories distributed under suppliers' brands. Rexel's own-brand strategy is organized around three principal own brands:

– Newlec, which focuses on residential and commercial equipment as well as climate control engineering and electrical control and lighting equipment, mainly in the United Kingdom and Germany;

– BizLine, for tools and other convenience products (consumables etc.); and

– Gigamedia, for VDI products (voice, data, image).

In addition to these three international brands, Rexel offers various brands that focus on a single country and that have value on their local market.

In addition, Rexel's Conectis entity allows it to better structure the product offering in the multimedia sector, due to the specific technical nature of the products and the potential for growth of business in these sectors. Initially developed in France, the Conectis offering is being rolled out in other European countries.

Product innovations developed by manufacturers in each product category to respond to changes in customer needs or applicable standards (including energy savings and fire security) allow the Rexel Group to improve the value of its product offering. The most significant technological evolutions that have occurred over the past several years include:

– improvements in cabling systems to support increases in computer networking bandwidth allowed by the introduction of new categories of cable;

– developments in Light Emitting Diode ("LED") technology to apply to lighting. LED technology was previously solely used in signaling systems. This change promotes energy savings, dependability and product life-span;

– developments in biometric control systems in the communication and security sector (fingerprint recognition, voice recognition, etc.);

– migration from analogue to digital transmission, which allows for the installation of a single cable network for all residential needs; and

– products relating to renewable energies (solar panels, heat pumps, etc.).

• A service offering adapted to customers' needs

The Rexel Group offers its customers:

– services directly linked to the provision of technical solutions allowing for the promotion of the electrical equipment product offering;

– additional services in the fields of logistics and distribution allowing for greater proximity to end-customers and for the satisfaction of all of their needs through a broader offering range as compared to the traditional electrical equipment offering; and

– electrical installations designing services.

Technical solutions services

The Rexel Group has positioned itself as a technical solutions provider for its customers. The Rexel Group enhances its product offerings by providing a number of associated services, including with respect to logistics, technical assistance, training and assistance in project management, especially at the international level. These services are provided by qualified personnel who benefit from continuous training so as to master and stay apprised of technological developments.

The Rexel Group's services include:

– **Technical assistance:** The Rexel Group assists its customers in choosing solutions best adapted to them from the large range of products and services offered. The Rexel Group also prepares technical bids and offers assistance, designing electrical installations and cabling schematics and drafting specifications. The Rexel Group also provides electrical product inventory management for certain of its industrial and commercial customers. These services enhance the Rexel Group's knowledge of its customers' businesses, notably by allowing it to anticipate their needs. The Rexel Group provides these services through teams of experts that are based in its branches and who help sales personnel promote high value-added product families (such as VDI, security, lighting and industrial automation). In some situations, these teams work directly on the customers' premises.

– **The provision of turnkey solutions:** Beyond technical assistance, the Rexel Group brings its customers turnkey solutions and services, in particular in the energy-efficient field, including energy audits, return on investment calculations, financing and insurance solutions as well as support for administrative tasks involved in these projects. The Rexel Group then works in partnership with products and services suppliers and with contractors. In addition, the Rexel Group provides services to its clients in relation to budgetary monitoring and the project organization.

– **Support to large projects:** In the context of large projects, the Rexel Group may provide to its customers certain specific services such as the provision of temporary premises near the project sites or transportation solutions adapted to the timing of the project.

– **Training:** In most of its branches, the Rexel Group regularly schedules training sessions led by its employees, manufacturers and third parties in order to familiarize its customers with innovative or complex products. The Rexel Group has also offered continuous broadcasting of programs in its French branches presenting new products and training through its "Inexel TV" channel.

The Rexel Group's service offerings are generally included in the price of its products and, thus, are not separately billed, which enhances the Rexel Group's role as a distributor. In addition, the Rexel Group's services are provided in the context of a customer loyalty and customer base development policy, especially through the enhancement of the customers' know-how relating to products with recent technical improvements.

Complementary logistics and distribution services

Thanks to its organizational structure, the Rexel Group offers its customers logistics services, such as the quick retrieval of products in its branches (including during off-hours) or rapid on-site delivery.

In addition, the Rexel Group, *inter alia* through its U.S. Services platform, has a high value-added dedicated logistic services offering in the United States in the field of electrical and mechanical products (fittings, bolts, etc.) intended for industrial customers. The Rexel Group now offers its industrial customers in the United States two ranges of logistics services relating to spare parts supply and parts assembly. These services are provided by dedicated entities that combine the following activities:

– inventory management and provision of products on customers' production assembly lines (Production Services); and

– distribution services and spare parts in the field of electrical equipment (Parts Super Center).

These services are provided in the context of long-term contractual joint-development programs with the Rexel Group's customers and allow the Rexel Group to build customer loyalty.

1.4.2.2 The Rexel Group's commercial and marketing organization

• A multi-network organization

In certain countries, in particular in most of the countries in which it has a significant market share, the Rexel Group relies on its various commercial networks, such as in France, the United States, Canada, the United Kingdom, Australia, New Zealand, The Netherlands, Spain, Austria and Chile. These different networks generally reflect distinct features that are adapted for suppliers or products in a given end-market. This approach allows the Rexel Group to address a broader customer base and offer a broader range of products, while benefiting from economies of scale by sharing common logistics and information technology platforms.

• Sales force

In order to better respond to customer needs, the Rexel Group's sales activities are organized as follows:

– sales counter representatives, who sell products to customers, principally contractors, who come directly to the Rexel Group's branches;

– telephone representatives, who are responsible for advising customers (e.g., installation schematics) and telephone orders;

– traveling sales representatives, who visit customers in a designated, assigned zone;

– technical/commercial sales representatives, organized in competence centers, who provide technical support for traveling sales personnel and customers and who are specialized by product family or customer type; and

– specialized sales representatives who are essentially dedicated to "key accounts".

The Rexel Group's sales personnel compensation generally includes fixed and variable components, depending on commercial performance. The variable portion of employees' compensation depends on their geographic area. In the United States, commissions based on gross profit constitute the majority of the compensation paid to employees.

• Pricing and terms of sale

The Rexel Group's pricing policy is based on the rates charged by its suppliers in each country. The Rexel Group offers its customers rebates based on certain criteria, such as volume purchased by the customer, the competitive environment and special promotions. In each country, general terms of sale set out the customary framework of the Rexel Group's relationships with its customers. These include the main terms of sale of the products such as the rates and payment terms, as well as termination clauses, transfer of ownership clauses and warranties.

Furthermore, the Rexel Group has entered into framework agreements with "key account" customers, including companies operating in the industrial or commercial markets. The Rexel Group defines "key accounts" as those customers that operate multiple sites on a national or international level and that generate potential annual sales of at least €1 million per customer. The framework agreements entered into with "key accounts" provide for specific sales conditions based on volumes purchased, product availability and delivery timeframes. These agreements are generally entered into in the context of bids and last for two to three years.

• Marketing functions

Rexel Group companies' marketing services operate on two levels: on downstream, to analyze customer needs and ensure commercial promotion, and upstream, to manage supplier relationships.

Their role includes:

– regional market analysis;

– the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;

– the preparation of competition studies, which allows them to adapt their choice of suppliers and products accordingly;

– the definition and setting-up of the services and solutions based on client typology;

– the development of products and customers nomenclatures;

– assistance and advice to sales personnel;

– assistance in the drafting and design of catalogues;

– the implementation of customer loyalty programs; and

– the design and launch of advertising campaigns at the branch level in partnership with suppliers and consistent with national or international product promotions.

Furthermore, the Rexel Group develops and implements marketing tools adapted to its customers' requirements.

• E-commerce

E-commerce, or online commerce, is an access medium for customers that may represent a material part of the Rexel Group's sales in some countries and thus contributes to improving its operating efficiency. E-commerce covers two distinct areas:

– web portals, through which customers of the Rexel Group, contractors in particular, have access to technical information as well as information on stock availability and prices, and are able to prepare their quotes, place orders, check the status of their orders and access their invoices. Mobile versions of these portals are made increasingly available; and

– Electronic Data Interchange (EDI) and e-procurement services, through which larger customers (principally industrial and commercial customers) may connect their purchase information systems directly to Rexel's system enabling them to place orders, receive delivery confirmation and electronic invoices. These services are often tailored for each customer.

Most countries in which the Rexel Group is active, including in Latin America and Eastern Europe, already offer one or both of these services.

1.4.2.3 Logistic organization of the Rexel Group

• Purchases and supply

In order to adapt its purchasing structure to the particularities of each country or to a given geographic zone and to optimize its purchasing terms, the Rexel Group has implemented partnerships with its suppliers on a number of levels:

– at a worldwide level, approximately thirty international suppliers are viewed by the Rexel Group as "strategic suppliers". These suppliers operate in different countries on one or more continents and have joined with the Rexel Group in international development programs;

– in each country, the Rexel Group's subsidiaries negotiate specific purchasing terms with national suppliers; and

– locally, the Rexel Group's branches may also negotiate specific commercial terms with individual suppliers.

In addition, the Rexel Group has a policy of reducing the number of its suppliers with the goal of rationalizing its purchasing policy and strengthening its relationships with its most significant suppliers.

In 2013, the Rexel Group made over 50% of its purchases from its 25 leading suppliers.

The Rexel Group favors the development of sustainable relationships with its strategic suppliers that have the capacity to contribute to the Rexel Group's business growth both globally and locally. The Rexel Group believes that this approach also allows it to benefit from attractive volume pricing, make economies of scale for support services such as marketing and logistics, adapt its product offering to the specificities of each market and improve its gross margin.

The Rexel Group's relationships with its suppliers are governed by short- or medium-term contracts. Product liability is the subject of paragraph 1.8.1 "Product liability" of this *Document de Référence*.

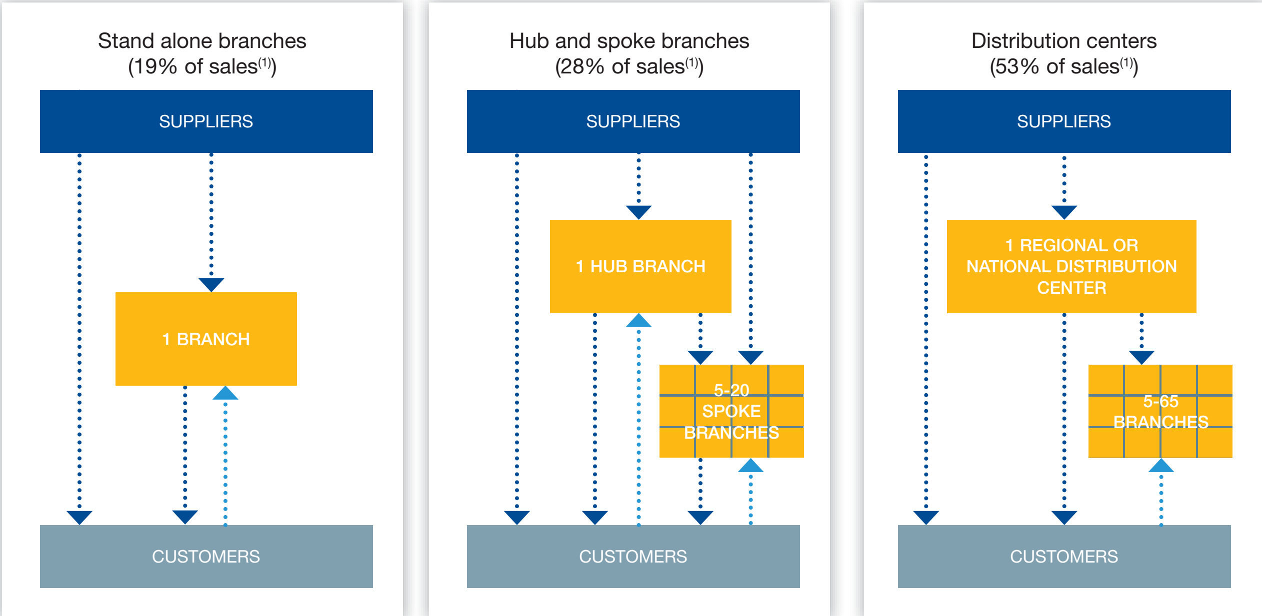
Risks related to commercial dependence are described in paragraph 2.1.1.6 "Risks relating to supplier dependence" of this *Document de Référence*.

• Distribution network

The Rexel Group structures its logistics activities around three distribution models: (i) regional or national distribution centers; (ii) "hub and spoke" branches; and (iii) stand-alone branches. The choice of which of these models to use in any given area mainly depends on the characteristics of the region, the concentration of the Rexel Group's customers, the size of the market, the density of its branch network, its product offering, competition and the nature and breadth of services to be provided within the region. The Rexel Group believes that these three distribution models allow it to adapt its services to its customers' needs permitting it to offer a larger range of products. In addition, this logistical organization offers the Rexel Group the ability to adapt its means of distribution to local market characteristics in a cost-effective manner and to better manage its inventory.

Since 2010, the Rexel Group has continued to streamline its logistics network. The projects completed in 2013 relate to Germany, Brazil, Spain, The Netherlands, Sweden and the United States. As regards the United States, Orlando will be the first to see the completion of the centralisation of 12/14 logistics branches, which is expected to be completed in 2015.

The following diagrams summarize the Rexel Group's logistics model and its principal characteristics:



	STAND-ALONE BRANCHES	HUB BRANCHES	DISTRIBUTION CENTERS
Number of references (in thousand of units)	2 to 10	5 to 15	20 to 50
Inventory turnover	Approximately 60 days	Approximately 55 days	Less than 50 days
Logistics costs as a percentage of sales[1]	> 7%	6.0 to 7.0%	5.0 to 6.0%

(1) Sales excluding direct sales.
(2) Logistics costs include personnel, inventory and transportation expenses.

In each of these three models, the Rexel Group makes sales through two distribution types: Rexel Group network sales and direct sales which represented 80.7% and 19.3%, respectively, of the Rexel Group's sales in 2013. Direct sales are not significant except in North America, where they represented approximately 38.7% of the Rexel Group's 2013 sales.

Regional or national distribution centers

Distribution centers are typically located in regions in which the Rexel Group's customer base is highly concentrated. These centers focus exclusively on logistics functions and warehouse a large number of products, which are provided directly by the Rexel Group's suppliers. Sales activities are conducted by branches associated with these regional or national distribution centers. The Rexel Group's regional distribution centers deliver products directly to customers as well as to the associated branches, as needed in order to replenish their stocks for same-day delivery.

The Rexel Group created distribution centers primarily in order to improve service to customers through a wider product offering and a range of tailored services, thus allowing a significant reduction in inventory and costs with strong service commitments: orders may be placed until late in the afternoon for delivery at 7:00 a.m. the next morning.

Warehousing areas are located in regional distribution centers (storage, preparation of customer deliveries and stocking of branches) as well as in branches. The size of a distribution center mainly depends on the number of branches associated with it and the volume of sales and number of product references it handles.

As of December 31, 2013, the Rexel Group had 35 distribution centers in Europe. These centers were located in the Czech Republic, Estonia, France, Germany, Austria, Belgium, Finland, Italy, The Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden and the United Kingdom. The 10 distribution centers in France are on average 17,000 square meters in size and each supplies between 25 and 65 branches. The 25 distribution centers in the rest of Europe are on average 10,000 square meters in size and each supplies between 5 and 45 branches.

In North America, the Rexel Group has 3 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the Rexel Group has one regional distribution center in New Zealand, supplying approximately 50 branches. There is one regional distribution center in Australia, principally dedicated to imports. The Rexel Group also has national distribution centers in Brazil, Chile and Peru.

Hub and spoke distribution model

In areas with lower customer concentration (notably in North America), the Rexel Group has developed through the implementation of a hub and spoke distribution model. In this model, each hub branch supplies logistics support to satellite branches in addition to carrying out its own commercial activities. The Rexel Group has 92 hub branches worldwide (of which 51 were located in North America, 27 in Europe, 7 in Asia-Pacific and 7 in Latin America) which serve generally between 4 and 20 satellite branches. In North America, the Rexel Group had as of December 31, 2013, 32 hub branches in the United States and 19 in Canada.

Stand-alone branches

Stand-alone branches are generally located in areas of low customer concentration or where the use of distribution centers or hub branches would not be economically efficient. Stand-alone branches are thus located in certain regions of North America, as well as in Switzerland and Australia. These branches receive their products directly from the Rexel Group's suppliers and warehouse them on location.

Extensive branch network

As of December 31, 2013, the Rexel Group had 2,272 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2011 and December 31, 2013 by geographic area:

	AS OF DECEMBER 31,		
(number of branches)	**2013**	**2012**	**2011**
Europe	**1,306**	**1,359**	**1,261**
– France	469	461	424
– Outside of France	837	898	837
North America	**617**	**619**	**506**
– United States	401	401	299
– Canada	216	218	207
Asia-Pacific	**259**	**261**	**293**
Latin America	**90**	**96**	**68**
Total	**2,272**	**2,335**	**2,128**

The Rexel Group regularly monitors the appropriateness of its branch network with respect to market demand, which can lead to branch openings, transfers, consolidations or closures.

- Transportation

The transportation of the products distributed by the Rexel Group is organized with the aim of improving the quality of customer service while controlling upstream and downstream transportation costs. Movement traceability was one of the priorities in 2013, most notably with the use of bar codes associated with electronic data interchanges (EDI) with the carriers.

In upstream product transportation, products are directly delivered to regional or national distribution centers, hub branches and stand-alone branches by the Rexel Group's suppliers. In downstream product transportation to its branches or customers, the Rexel Group generally uses external service providers. It also increasingly uses express delivery providers. In certain countries, such as in the United States, Australia, New Zealand, Switzerland and in the United Kingdom, it also owns its own transportation means, which only account for a portion of the distribution.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.1.5 "Risks relating to the Rexel Group's logistical structure" of this *Document de Référence*.

1.4.3 The Rexel Group's competitive advantages

1.4.3.1 A world leadership position

The Rexel Group recorded 2013 sales of €13,011.6 million. As of December 31, 2013, it had 2,272 branches, 29,851 employees and operations in 38 countries.

Based on its estimates, the Rexel Group is one of the leaders in the market for the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches. Based on 2013 sales, the Rexel Group also believes that it is among the top two players in its three main geographic areas: North America, Europe and Asia-Pacific. Also, the countries in which the Rexel Group believes that it holds a market share exceeding 10% account for close to 70% of its sales. Furthermore, the Rexel Group believes that it is the number one or number two player in 15 European countries, accounting in the aggregate for approximately 70% of the total European market.

The Rexel Group also estimates that it holds a worldwide market share of 8%, which leaves it room to continue developing its market share, including by external growth, thus becoming one of the main actors in the consolidation of the market for the professional distribution of low and ultra-low voltage electrical products.

The Rexel Group's position allows it to:

– respond to customers operating in several different regions and offer a consistent standard of advice and service worldwide;

– identify and apply best practices relating to management and development within the Rexel Group's network, due to the implementation of a lateral communication process covering the Rexel Group's most important business functions (purchasing, logistics, sales and training);

– benefit from a common logistics model and, at the regional level, IT systems that are shared by several operational platforms;

– take advantage of purchasing conditions that are equal to or better than those of its smaller competitors through the implementation of partnership agreements with its strategic suppliers; and

– better identify external growth opportunities in the countries targeted by the Rexel Group and integrate acquired businesses using a defined process based on its experience.

These strengths contribute to the Rexel Group's competitive advantage compared to smaller or differently organized distributors.

1.4.3.2 Diversified geographic and end-market presence

The Rexel Group estimates its 2013 sales breakdown by end-market and principal geographic area as follows:

	NORTH AMERICA	EUROPE	ASIA-PACIFIC	LATIN AMERICA	REXEL GROUP
Commercial	50%	42%	33%	25%	43%
Industrial	45%	25%	48%	65%	35%
Residential	5%	34%	19%	10%	21%

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America, Asia-Pacific and Latin America accounted for approximately 54%, 34%, 9% and 2% of 2013 sales, respectively.

In addition, the balanced breakdown of the Rexel Group's operations among its three end-market segments (industrial, commercial and residential) allows the Rexel Group to limit the impact of a downturn in any given end-market within a given country or region.

1.4.3.3 A strong local leadership

The Rexel Group generated approximately 20% of its 2013 sales in countries where it believes that it is the leader in terms of market share. The Rexel Group also believes that it holds a market share exceeding 20% in 16 out of the 38 countries in which it operated in 2013. This strong local presence tends to support growth in profitability, in so far as the Rexel Group estimates that its operating margins are generally higher in those countries where it holds significant market shares.

The Rexel Group's local leadership is principally based on the following factors:

– its ability to offer customers a range of products and services that is adapted to local needs and that is broader than that offered by other independent distributors;

– extensive branch coverage, which permits it to meet its customers' needs where they operate;

– the development of networks comprised of several different brands tends to support an increase in the Rexel Group's market share where it already has a relatively significant share of the market;

– a tailored logistics structure, which is adapted to meet its customers' needs and the density of its markets;

– its capacity to employ qualified personnel who have strong knowledge of their local markets and its ability to provide continuous training to such personnel; and

– its attractiveness to suppliers as a distributor of reference that can promote their products.

1.4.3.4 An offering of high value-added products and services

The Rexel Group offers a very wide range of products. The Rexel Group associates high value-added services to such products, such as support services, product availability, project management or installation design. In particular, the Rexel Group assists its customers in the choice and mastery of installation techniques for the products it distributes, and provides adapted delivery services. These services include:

– logistics chain outsourcing, including in the area of inventory management, assembly, distribution of replacement parts and the outsourcing of logistic services; and

– training, automatic machine programming assistance and help preparing cabling schematics.

The Rexel Group thus distributes an array of products and services that provide installation solutions designed to function in an integrated manner and to satisfy all of its customers' electrical product needs, through:

– the supply of turnkey solutions and the calculation of potential savings, in particular in energy efficiency areas; and

– large project support, in particular with regards to logistical needs.

To this end, the Rexel Group constantly develops and adapts its product offering in order to take into account innovations suggested by suppliers, technological advancements and customer demand for new products arising from increased needs for comfort, security, ergonomics, home automation, automation and energy performance. The number of new product references offered each year by the Rexel Group varies considerably from one country to the other. It is estimated to range between 10% and 15%, depending on the country concerned.

The Rexel Group has acquired a technical mastery of its product families that tracks the needs of electrical contractors. The close relationships of the Rexel Group with its principal suppliers have enabled it to become the favored interface between contractors and suppliers.

The Rexel Group thus offers a comprehensive range of products and services which is core to the value chain, and which responds to all of its customers' (professional contractors or end-users in the commercial, industrial or residential sectors) and suppliers' (manufacturers) needs.

1.4.3.5 Experienced and skilled personnel

Due to the technical nature of its business, the Rexel Group employs experienced personnel with strong knowledge of its product specifications, local needs and applicable regulations. This know-how and the training offered to its customers allow the Rexel Group to direct its personnel towards higher added- value systems for the end-customer. The Rexel Group therefore is able to act as a prescriber of technical solutions.

The Rexel Group's employees benefit from an active training policy in the technical and commercial fields, which is performance-oriented. In addition, the Rexel Group seeks to improve the productivity of its support functions, particularly in the administrative services areas, in order to optimize operating costs.

The Rexel Group also seeks to build customer loyalty and to develop its market share.

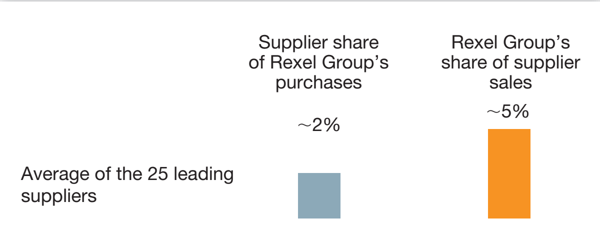
Furthermore, the Rexel Group's management team has broad experience in professional distribution, as well as operational, financial, and mergers and acquisition expertise.

1.4.3.6 Privileged relationships with suppliers

The Rexel Group has organized its supplier relationships around a limited number of strategic suppliers, who are global players in the low and ultra-low voltage electrical products industry, and a certain number of regional and national suppliers.

These privileged relationships allow the Rexel Group to negotiate better commercial terms, to increase productivity, to achieve economies of scale for its logistics operations and to benefit from its suppliers' marketing resources. The Rexel Group's active management of its supplier portfolio has resulted in the gradual concentration of its purchases.

The Rexel Group believes that it has generally favorable interdependent relationships with most of its significant suppliers, thereby limiting the risks inherent in dealing with a limited number of suppliers, as shown by the table below:



Risks related to commercial dependence on suppliers are described in paragraph 2.1.1.6 "Risks relating to supplier dependence" of this *Document de Référence*.

1.4.3.7 An efficient logistical model

The Rexel Group's distribution operations are based on a logistic model that includes distribution centers, "hub and spoke" branches and stand-alone branches. The choice of one of these methods of distribution in a given region depends on a number of factors. As soon as the commercial density allows it, the objective will be the centralization of flows through logistic centers.

The Rexel Group believes that the most centralized logistic model allows it to adapt as much as possible its services to its customers' needs by offering them a broader range of products. It also enables the Group to adapt its distribution system to its local markets at reduced cost.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.1.5 "Risks relating to the Rexel Group's logistical structure" of this *Document de Référence*.

1.4.3.8 An economic model generating high cash flow

The operating profitability of the Rexel Group, together with the strict management of working capital requirements and the low capital intensity of its activities, allows the Rexel Group to generate significant cash flow.

Management's variable compensation depends in part on the optimization of working capital needs, with a view to reduce inventories and customer payment terms through the continuous optimization of logistics and credit management. Working capital requirements gradually decreased as a percentage of sales between 2004 and 2011 before increasing slightly between 2011 and 2012, mainly due to the acquisitions completed in 2012, and then remained stable between 2012 and 2013. The launch of a Rexel Group logistic model based on a hub and spoke system of satellite branches and regional distribution centers, as well as the implementation of receivables tracking and prompting software, are examples of initiatives that have reduced the Rexel Group's working capital requirements relative to its overall sales.

The Rexel Group has also maintained gross capital expenditures over the last three years at an annual level between 0.7% and 0.8% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

1.4.3.9 A flexible cost structure

The Rexel Group believes that its adaptability allows it to limit adverse effects on its operating margins arising from a reduction in sales. Moreover, this capacity results in a profitability structure that delivers improvements in operating margins during periods of growth, since the fixed elements of its cost base may grow more slowly than its sales.

Based on 2013 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

- variable costs based on the activity level amounting to 23% (transportation, commissions, etc.);
- fixed costs that are flexible in the very short-term amounting to 56% (wages in certain countries, advertising, various fees, etc.);
- fixed costs that are flexible in the short or medium-term amounting to 21% (wages, rents, IT system costs, etc.).

1.4.3.10 The ability to integrate acquisitions

In the context of a fragmented market with significant acquisition opportunities, the Rexel Group believes that its size and its strong local market shares as well as its experience with acquisitions and integration, give it an advantage over its smaller or less experienced competitors in identifying and acquiring potential targets and implementing the synergies identified at the moment of the acquisitions.

Thus, between 2006 and 2013, the Rexel Group carried out 52 consolidating acquisitions, including 22 acquisitions in Europe, 9 in North America, 16 in Asia-Pacific and 5 in Latin America, as well as the acquisitions of GE Supply (renamed Gexpro) and the Hagemeyer group.

Risks related to acquisitions are described in paragraph 2.1.1.2 “Risks relating to acquisitions” of this *Document de Référence*.

1.4.4 The Rexel Group’s strategy

The Rexel Group’s strategy is based on five major trends which will have a structural impact on its business in the medium term:

- global electricity demand is expected to be multiplied by 1.5 to 2 within the next twenty years due to population growth, increased urbanization in emerging countries as well as increased demand for comfort in mature countries, partly linked to an ageing population;
- an increase in the price of electricity and fossil energies over the long-term and increased environmental awareness opens new markets, driven by innovation and high added-value services making it possible to reduce electricity consumption or to turn to renewable energies;
- the emergence of increasingly sophisticated products (home automation, climate control, connection, security), the dematerialization of transactions, the immediate access to information, and the need to work in networks, changes the core business structure of the Rexel Group’s customers, who show an increasing demand for specific services and targeted solutions to support them in the creation of value; and
- exchanges will continue to globalize, giving a competitive advantage to the Rexel Group, which thanks to its leadership and coverage of the various markets, has demonstrated the capacity to offer a “global” response while keeping, through its branch network, targeted and innovative local services;
- the emergence of growing market sub-segments (such as oil & gas and mining) that require comprehensive solutions with a strong added value, in which Rexel has strong legitimacy owing to its status as a global leader.

In this context, Rexel’s mission is to assist its customers worldwide to create value and to optimize their businesses, by offering them a range of sustainable and innovative products and services in the area of automation, technical expertise and energy management.

Taking into account the above, the Rexel Group has set up a corporate project, *Energy in Motion*, orienting its strategy on four major points of focus:

- accelerate the profitable growth of the business by combining organic growth and acquisitions;
- optimize the use of assets and the allocation of ressources in order to increase return on investment;
- mobilize all skills present in the organisation around a common mission, and capitalize on the diversity of experience to promote innovative practices; and
- aim for operational “excellence” in order to optimize commercial efficiency and the performance of our businesses to best meet our clients’ needs.

1.4.4.1 Profitable growth

- Organic growth

The organic growth of the Rexel Group’s traditional business relies mainly on market growth, as explained in paragraph 1.4.1.1 “The professional distribution of low and ultra-low voltage electrical products market” of this *Document de Référence*, and gain in market share. To such end, the Rexel Group constantly improves its development model, in particular in respect of its marketing aspects (through the adaptation of the location of the branches and the development of call centers and E-commerce), of the definition of the product and service offering (products and services increasingly innovative and development of own brands), and of its logistics and information systems.

Through the *Energy in Motion* project, the Rexel Group also intends to ramp up its growth by relying on market segments that are expected to be become lead markets in the medium- or long-term. These segments are grouped into three distinct categories:

- high potential categories: energy efficiency, renewable energies and home automation systems;
- international projects and clients: large infrastructure projects, major international client accounts; and
- vertical markets: in particular “mining” and “oil & gas”.

In 2013, these three areas of focus represented €2.4 billion of sales, an increase of 8% from 2012 (at constant foreign exchange rates), with growth varying from one segment to another and which is expected to gain momentum in the coming years.

The high potential categories are supported by structural growth trends in the markets: need for energy consumption efficiency and reduction, development of renewable energies and of sophisticated home automation systems.

The Rexel Group has in recent years successfully developed its energy-efficient products and services offering: replacement of lighting sources, active promotion of low-energy equipments, energy audit proposals, setting up of energy measurement and control tools, energy-saving certification.

Although promising in the medium- or long-term, the renewable energies business in the short term remains subject to the volatility of the policies implemented by local governments to support the development of such energies. Rexel is consolidating its position on the photovoltaic market and intends to take part in the growth of this activity country by country. In the wind energy market, the Rexel Group proposes targeted solutions for each customer, ranging from simple cable deliveries to a fully-integrated services offering (from the supply to the provision of products on the assembly lines, as well as inventory management). In the high-growth home automation systems market, the Rexel Group has segmented its approach with offers that focus on residential buildings and are suited to commercial buildings.

The Rexel Group, a global player in the electrical equipment market, is involved in developing its clients on an international level. It offers a response that is suited to the geographic footprint of its major international accounts and develops global service offerings allowing large engineering and construction companies to externalize electrical product and other additional product or services management on large construction projects.

The mining and oil & gas infrastructure segments, which are major consumers of electrical products, are expected to develop in the coming years, driven by increasing demand for commodities and energy in emerging countries. Due in particular to its dedicated organisation, its global presence and the quality of its supply chain, the Rexel Group participates in the development and construction of these projects.

- External growth

On the local level, the professional distribution of low and ultra-low voltage electrical products takes place in the context of close and recurring relationships with customers. The Rexel Group has historically observed a correlation between local market share and local operating profitability, which it attributes, in part, to the optimized use of logistics infrastructures.

The Rexel Group therefore intends to continue to pursue bolt-on acquisitions of regional distributors in order to strengthen its market share in regions where it is already present.

Also, the Rexel Group will continue to give priority to increasing its footprint in emerging market countries (China, South-East Asia, India and Latin America) along with the development of the professional distribution of electrical materials in such countries, with a medium-term objective of a two-fold increase in sales in these markets.

Moreover, the Rexel Group intends to increase its presence in high value-added market niches, specifically on the energy efficiency and renewable energy markets. After having acquired in 2011 a 70% stake in Inoveha, a French company specializing in energy audits, in October 2012 Rexel acquired Munro, a US company that specializes in innovative energy efficiency solutions and that has developed strong partnerships with energy services companies (ESCOs) and the utilities sector.

Finally, if the opportunity arises, the Rexel Group may also undertake larger acquisitions.

1.4.4.2 Active resources management

Organization, training and development

The Rexel Group bases its organization on 4 different levels:

- The Group: Rexel takes advantage of its size and its global presence to develop teams and expertises across different zones. Certain administrative activities, such as finance and human ressources are concentrated at the headquarters;
- The zones: Rexel groups the countries of a same geographic zone, generally around an important country of the zone;
- The country: given the national particularities of markets, the country level allows the Rexel Group to adapt and develop its strategy depending on local constraints; and
- The trade names: the development of different trade names, in a given country, allows the Rexel Group to increase its market share by different positioning of its offerings.

Moreover, since 2012, Rexel has decided to strengthen its sales and marketing structure, by putting in place dedicated teams for high potential categories, international clients and vertical markets.

Lastly, each year, Rexel proposes to its employees numerous training programmes on various aspects of their activities: management, sales, commercial skills, logistic, e-commerce, etc.

In addition to these continuous trainings, numerous trainings are organized to accompany the strategy of the Rexel group based on the axis of the *Energy in Motion* project: trainings relating to energy efficiency, LED, etc. (for more information, please see chapter 3 "Corporate responsibility" of this *Document de Référence*).

Brand architecture and structure of the commercial network

In the countries in which it has significant market share, the Rexel Group believes that the coexistence of different commercial networks, and thus of different brands, for product and service offerings allows for gains in market share that are greater than those that can be achieved using a single network. A multi-network commercial structure offers a distributor the following advantages:

- with respect to its customers, multiple networks allow a distributor to provide offerings that cover a broader portion of market demand and better target the demands of different customer segments; and
- with respect to its suppliers, multiple networks allow to enhance the products specifications in differentiated networks and with a specialized technical support.

However, the Rexel Group encourages its various brands to refer to the fact that they belong to the Group. This is expected to increase the visibility of the Rexel brand, and guaranties added value by showing that the brand belongs to a global leader.

1.4.4.3 Culture of cooperation

Cooperative culture lies at the heart of the *Energy in Motion* strategic project. Close cooperation is essential to the shared success of the Rexel Group's stakeholders, by fostering team work, developing a high quality client-relationship, managing strategic partnerships with key suppliers, and delivering on its commitments to its shareholders.

Rexel has defined six key values, which define the Rexel Group's core principles of action and interaction with its stakeholders. Rexel is committed to:

- providing the best client experience: the Group's employees are attentive to its clients' needs to help better serve them and are constantly striving to find the best way to help them create value;
- bringing together its strengths to succeed: the Group's employees team up with the Group's stakeholders in a mutually beneficial spirit of cooperation;
- encouraging innovation: the Group's employees develop new business models and inventive methods to create more value;
- involving employees in order to develop their skills: managers develop the skills of their teams while providing the stakeholders with the most experienced, expert and qualified employees;
- developing mutual confidence: the Group's employees are collectively bound by their commitments and responsibilities; and
- flourishing by making a difference: the Group's employees surpass themselves to make and promote Rexel as a partner of choice.

1.4.4.4 Excellence in operations

Information systems management

In 2013, the Rexel Group continued to streamline and standardize the diverse applications portfolio that it has come to hold as a result of its numerous acquisitions. These efforts materialized with significant progress in key functions such as logistics, customer intimacy and relationships, product information management and the rolling-out of ERP on a regional level.

The Rexel Group's objective is to ensure optimal combination between central and regional means so as to address the specific needs of the Rexel Group's markets and customers while taking advantage of the benefits provided by shared solutions and platforms.

This has led to a reduction of the Rexel Group's information systems costs, expressed as a percentage of sales, from 1.6% in 2012 to 1.45% in 2013, and to an acceleration of the operational excellence principles based on streamlined process models such as procurement and logistics management.

Part of the savings are used to finance strategic investments in information systems in the area of e-commerce, customer relationships and intimacy management as well as global collaborative platforms.

Risks related to the information technology systems of the Rexel Group are described in paragraph 2.1.1.4 "Risks relating to information technology systems" of this *Document de Référence*.

Logistics optimization

The supply chain is one of the Rexel Group's key assets, valued by its customers.

Operational excellence is the Rexel Group's guiding principle, and is articulated around 4 cornerstones:

- procurement;
- warehouses;

– transport; and

– customer service.

Customer satisfaction is measured daily in order to approve action plans.

The evolution of the logistical structures improves the quality of services offered to customers, in particular due to a greater number of products available within shorter timeframes, and allows the Rexel Group to reduce its inventories and its costs.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.1.5 "Risks relating to the Rexel Group's logistical structure" of this *Document de Référence*.

Productivity enhancement plan

Beyond the optimization of its supply chain, the Rexel Group's operational excellence strategy entails the regular implementation of productivity enhancement plans. The purpose of these plans is, *inter alia*, to optimize the front and back office functions, to optimize the commercial network and to enhance the productivity of the logistics hubs.

The operational implementation processes for these optimization plans rely on processes such as 5S + LEAN, 6sigma, the coordination of purchasing or the activation of synergies essentially generated by the size of the Group's activities.

E-commerce

Electronic commerce continues to be a sales enhancement vector thanks to tailored solutions and specific services such as order monitoring, technical information and availability in stock. Orders are delivered either on the worksite or at the client's premises or made available for pick up at the branch. Electronic commerce also enables Rexel Group customers to order 24 hours a day, 7 days a week. Finally, electronic commerce is a significant cost reduction tool.

In 2013, e-commerce increased by 12% compared to 2012, totalling over €1.6 billion in 2013, or 12% of the total sales.

Optimize relationships with suppliers

With purchase volumes of €10.2 billion in 2013, the Rexel Group has structured its relationships with its suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow it to shape its product offering to fit local needs and to perpetuate its profitable growth.

With respect to the Rexel Group's strategic suppliers, its relationships are formalized through the implementation of Rexel Group-wide framework agreements that are both international and local in scope.

The Rexel Group intends to continue to optimize its supplier portfolio with the objective of improving its gross margin. In 2013, the Rexel Group made over 50% of its purchases from its 25 leading suppliers. The optimization of logistics structures and the EDI (Electronic Data Interchange) should also contribute to the improvement of the Rexel Group's profitability.

Risks related to supplier concentration are described in paragraph 2.1.1.6 "Risks relating to supplier dependence" of this *Document de Référence*.

Develop the Rexel Group's own brands

Based on a study of its product portfolio, the Rexel Group has identified certain segments that are appropriate for the development of own brands. These segments have the following characteristics:

– less importance accorded to well-known supplier brand names by customers;

– product functionality that is increased by packaging adapted to customer needs; and

– high fragmentation of manufacturers.

This is particularly the case for tools, certain installation accessories, and certain communications and security products.

Rexel's own-brand strategy is organized around 3 principal own brands:

– Newlec, which focuses on residential and commercial equipment as well as climate control engineering and electrical control and lighting equipment, mainly in the United Kingdom and Germany;

– BizLine, for tools and other convenience products (consumables etc.) and

– Gigamedia, for VDI products (voice, data, image).

In addition to these 3 international brands, Rexel offers various brands that focus on a single country and that have value on their local market.

Sales of own-brand products accounted for slightly more than 3% of Rexel Group sales in 2013, stable compared to 2012. The Rexel Group intends to continue a targeted development of its own brands.

Optimize sales prices

The Rexel Group distributes tens of thousands of product references to tens of thousands of customers in each country. The Rexel Group continuously seeks to optimize its sales prices to its customers' purchase profile, in order to maximize its gross margin in a sustainable manner, while remaining competitive.

In light of the complexity inherent in professional distribution activities (large number of products and customers), optimal product pricing requires mastery of a number of areas, including:

- customer and product segmentation;
- analysis of competition and of purchasing habits of its customers; and
- valuation of the services that are not billed separately by the Rexel Group.

For projects, the Rexel Group negotiates favorable specific pricing conditions from certain suppliers that it passes on to its customers. These negotiations are also an important part of the process of optimizing sales prices.

1.4.5 Research and development, patents and licenses

Due to the nature of its business, the Rexel Group does not carry out any research and development activities.

The Rexel Group's intellectual property policy is centered on protecting its brand names (mainly the Rexel brand and own brands such as BizLine, Sector, Newlec and Gigamedia) and domain names (mainly rexel.com). As a result of this policy, the Rexel Group either applies or registers for local trademark protection, or for brands and domains intended for wider use, it applies or registers for trademark protection in all of the countries in which it operates.

The Rexel Group's strategy is to protect the brands that it uses for certain products by registering such brands on sales territories and in the classes of registration of the products sold.

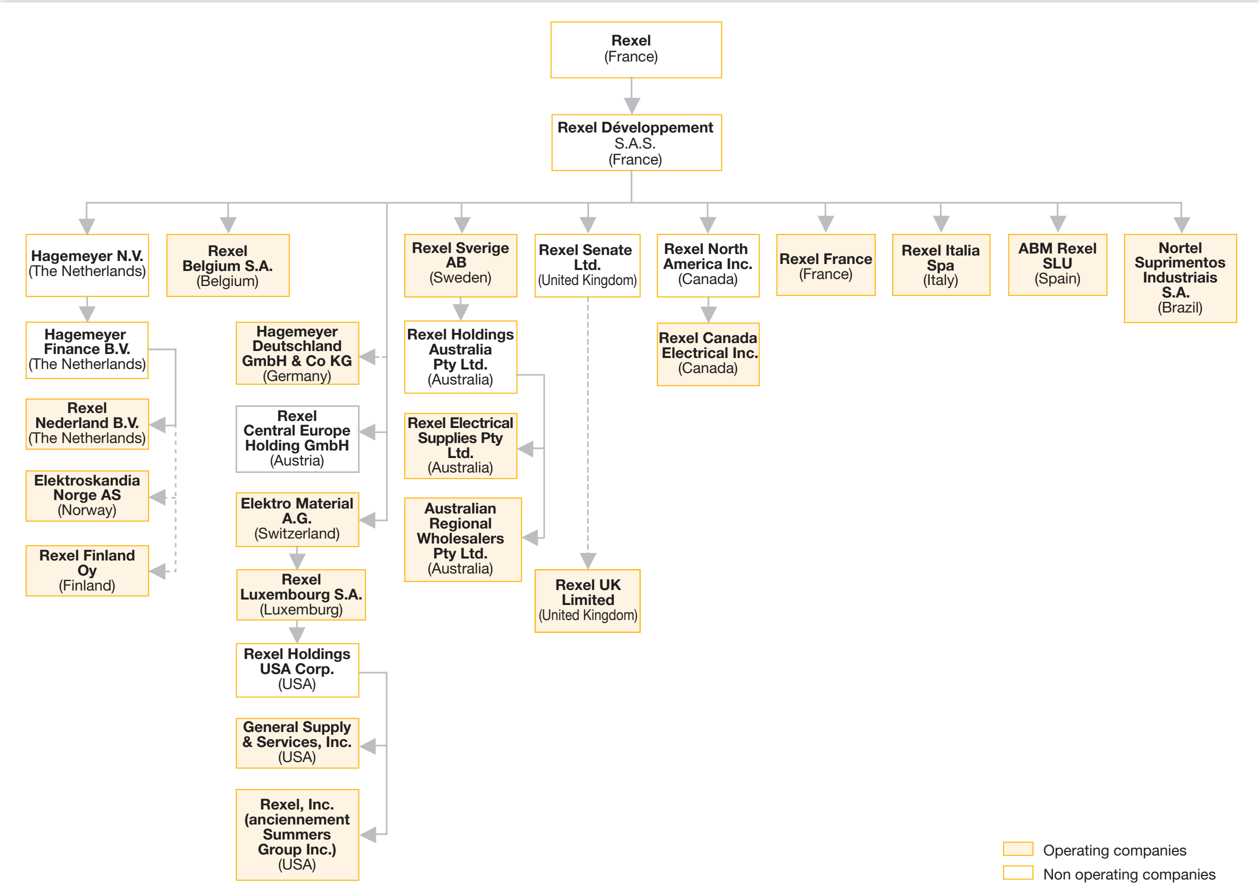
The Rexel Group also uses intellectual property rights (in particular names, brands, logos, designs, models and creations) that are not necessarily registered, either because they are used only temporarily, for example for a promotional campaign, or because they are difficult to protect. However, this second category is marginal. To the Rexel Group's knowledge, the use of these rights does not infringe any third-party rights.

In April 1998, Rexel Distribution signed an agreement relating to the co-existence and use of the "Rexel" name around the world with a company operating in a different sector that had already registered the same trade name. Under the terms of this agreement, both of the companies are authorized to use the "Rexel" name for products and services that are not related to the activities of the other company.

1.5 Organization

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2013. The list of all of the companies consolidated by Rexel as of December 31, 2013 is detailed in note 27 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2013 which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.



* The dotted lines designate the indirect subsidiaries. With the exception of Rexel Belgium, which is 99.99% held by Rexel Développement, all the companies mentioned in the simplified organizational chart hereabove are 100% held by the Rexel Group.

1.5.2 Principal subsidiaries as of December 31, 2013

The Rexel Group comprises Rexel and its subsidiaries.

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of January 1, 2005. Rexel determines the orientation and strategy of the Rexel Group. Rexel has entered into loan agreements with Rexel Développement and certain of its subsidiaries within the terms set out in paragraph 7.5 "Related party transactions" of this *Document de Référence*.

Rexel Développement is an operational holding company *(holding d'animation)*. It centralizes the functional and operating management teams of the Rexel Group. It employs the staff dedicated to the management of the Rexel Group. It holds the Rexel Group operational companies.

Rexel Développement has entered into service agreements with certain of its subsidiaries in the financial, cash management, legal, accounting, human resources, activities (purchases, logistics) or IT systems fields.

Rexel Développement has entered into cash management agreements and / or loan agreements with certain of its subsidiaries in order to allow for their financing.

Rexel's principal direct and indirect subsidiaries are described below. With the exception of the equity securities of the Rexel Group's companies and certain intellectual property rights, held, *inter alia*, by Rexel Développement, such subsidiaries do not hold any strategic economic assets.

Rexel Développement SAS is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €1,537,745,590. Its registered office is at 13, boulevard du Fort de Vaux, 75017 Paris, France. The company is registered under number 480 172 840 R.C.S. Paris. Rexel holds 100% of its share capital and acts as chairman of Rexel Développement. Rexel Développement provides services (management, strategic planning, finance, human resources, IT/Telecoms and legal) to the Group companies. Furthermore, Rexel Développement holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

- Europe

Rexel Nederland B.V. is a company governed by the laws of The Netherlands with a share capital of €90,800, paid in the amount of €45,400. Its registered office is at Kampenringweg 45 b, 2803 PE GOUDA, The Netherlands. It is registered with the registry of commerce and companies under number 24267850. Its main activity is the provision and distribution of electrical products. It is wholly owned by Hagemeyer Finance B.V.

Hagemeyer Deutschland GmbH & Co KG is a company governed by the laws of Germany *(Kommanditeinlage)* with a share capital of €13,000,000. Its registered office is at Landsberger Str. 312, 806837, Munich, Germany. It is registered with the registry of commerce and companies under number HRA 48737. Its main activity is the supply and distribution of electrical products as well as the acquisition and management of equity investments in other companies. It is indirectly wholly owned by Rexel Développement.

Rexel Belgium SA is a company governed by the laws of Belgium, with a share capital of €30,000,000, having its registered office at Zuiderlaan 91, 1731 Zellik, Belgium. It is registered with the registry of commerce and companies under number 0437.237.396. Its main activity is the supply and distribution of electrical products. Rexel Belgium is owned at 99.99% by Rexel Développement.

Rexel Sverige AB (previously Svenska Elgrossist AB Selga) is a company governed by the laws of Sweden with a share capital of SKR 80,000,000 paid-up at SKR 46,500,000. Its registered office is at Prästgårdsgränd 4, 125 44 Älvsjö, Stockholm, Sweden. It is registered with the registry of commerce and companies under number 556062-0220. Its main activity is the distribution of electrical products as well as holding equity investments in companies in the electrical products distribution business. It is wholly owned by Rexel Développement.

Elektroskandia Norge AS is a company governed by the laws of Norway with a share capital of NOK 82,150,000. Its registered office is in Alfasetveien 11, N-0668, Oslo, Norway. It is registered with the registry of commerce and companies under number 977 454 700. Its main activity is the supply and distribution of electrical products. Elektroskandia Norge AS is indirectly wholly owned by Hagemeyer Finance B.V.

Rexel Finland Oy (previously Elektroskandia Suomi Oy) is a company governed by the laws of Finland with a share capital of €1,000,000. Its registered office is at Varastokatu 9, 05800 Hyvinkää, Finland. It is registered under number 599.695. Its main activity is the supply and distribution of electrical products. It is wholly owned by the Finnish branch of Hagemeyer Finance B.V.

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* under Swiss law with a share capital of CHF 135,000,000. Its registered office is at Heinrichstrasse 200, 8005 Zurich, Switzerland. It is registered with the registry of commerce and companies under number CH-626.3.005.380-6. Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services. It is owned at 100% by Rexel Développement.

Rexel France is a simplified joint stock company *(société par actions simplifiée)* under French law with a share capital of €41,940,672. Its registered office is at 13 boulevard du Fort de Vaux, 75017 Paris, France. The company is registered with the registry of commerce and companies under number 309 304 616 R.C.S. Paris. Its purpose is to distribute all electrical and electronic products, household appliances, IT equipment and derivative products, and more generally the supply of all materials and products for the construction and manufacturing industries, local authorities and individuals. In addition, its purpose is also to hold and manage shareholdings in other companies. Rexel France is wholly owned by Rexel Développement.

Rexel UK Limited is a limited company under English law with a share capital of 319,879,885 pounds sterling.

Its registered office is at 5th Floor, Maple House – Mutton Lane, Potters Bar – EN6 5 BS Hertfordshire, United Kingdom. It is registered with the Companies House under number 434724. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. Rexel UK Limited is indirectly wholly owned by Rexel Senate Limited.

• North America

Rexel Holdings USA Corp. is a corporation governed by the laws of the Delaware with a share capital of US $1,001 registered under number 20-5021845. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the acquisition and management of equity investments in other companies and the provision of services. Rexel Holdings USA Corp. is wholly owned by Rexel Luxembourg S.A.

Rexel, Inc. (previously named Summers Group, Inc.) is a corporation governed by the laws of the Delaware with a share capital of US $10,000, registered under number 75-2304244. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the distribution of electrical products. Rexel, Inc. is wholly owned by Rexel Holdings USA Corp.

General Supply & Services, Inc. is a corporation governed by the laws of the Connecticut with a share capital of US $1,000, registered under number 20-5021902. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, United States. Its main activity is the distribution of electrical equipment, the provision of services and ownership of equity investments in companies in the electrical product distribution business. General Supply & Services Inc. is wholly owned by Rexel Holdings USA Corp.

Rexel North America, Inc. is a Canadian corporation with a share capital of CAD 108,904,500, registered under number 381380-1. Its registered office is at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7 Canada. Its main purpose is the acquisition and management of equity investments in other companies and the provision of services. It is wholly owned by Rexel Développement.

Rexel Canada Electrical Inc. is a Canadian corporation with a share capital of CAD 1,829,744, registered under number 428874 2. Its registered office is at 5600 Keaton Crescent, L5R 3G3 Mississauga, Canada. Its main activity is the distribution of electrical equipment. It is wholly owned by Rexel North America Inc.

• Latin America

Nortel Suprimentos Industriais S.A. is a Brazilian corporation *(sociedade anonima)* with a share capital of BRL 188 933 767, registered under number CNP J/MF 46.044.053/001-05. Its registered office is at 755 rua Alessandro Payaro, 13087-600, Jardim Santa Candida, Campinas. Its main activity is the distribution of electrical equipment and ownership of equity investments in other companies. It is 99.9999% owned by Rexel Développement.

Contributions from subsidiaries or significant sub-groups as of December 31, 2012 are as follows.

CONSOLIDATION VALUE (EXCLUDING DIVIDENDS) *(in millions of euros)*	FIXED ASSETS (INCLUDING GOODWILL)	GROSS DEBT (NON-REXEL GROUP)	CASH AND CASH EQUIVALENTS	CASH FROM OPERATIONS	DIVIDENDS PAID AND DUE TO REXEL
Rexel (France)	–	1,917.6	786.2	14.9	–
Rexel Développement SAS (France)	13.0	(241.8)	19.0	(103.8)	–
Rexel France (France)	1,188.3	477.7	31.5	203.3	–
Rexel Holdings USA Corp. (USA)	1,006.4	246.6	20.8	38.1	–
Rexel North America Inc. (Canada)	545.9	129.4	3.2	47.3	–
Rexel UK Limited (United Kingdom)	262.1	204.7	2.2	21.9	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	246.6	117.3	1.6	21.5	–
Elektro-Material A.G. (Switzerland)	845.7	–	0.6	79.2	–
Rexel Nederland B.V. (The Netherlands)	86.2	(0.1)	1.0	(13.8)	–
Rexel Belgium SA (Belgium)	77.2	56.3	0.2	16.4	–
Rexel Sverige AB (Sweden)	238.0	0.2	0.1	12.1	–
Rexel Finland Oy (Finland)	70.1	2.7	0.9	(3.1)	–
Rexel Electrical Supplies Pty Ltd (Australia)	93.3	89.4	0.1	15.1	–
Other	754.9	124.7	90.5	111.9	–
Total consolidated	**5,427.6**	**3,124.9**	**957.8**	**461.2**	**–**

The Rexel Group analyses its sales based on geographic areas, to which the legal entities referred to above belong based on their localization. Therefore, an analysis of sales with a breakdown by legal entity would not be relevant.

Breakdown of sales by geographic area is detailed in chapter 4 “Results of Operations and Financial Position of the Rexel Group” of this *Document de Référence*.

1.6 Property and equipment

The Rexel Group’s real estate strategy consists in giving priority to ordinary rental as its main method of occupation of its commercial and logistic premises, in order to benefit from increased operational flexibility allowing to permanently adapt to market evolutions. The Rexel Group therefore sold or transferred the lease of most of its real estate assets within the last fifteen years.

As of December 31, 2013, the properties used by the Rexel Group mainly included:

– The registered office of Rexel, located in Paris (France), which is leased and has a surface area of 10,200 sq. meters, and the administrative buildings of the operational entities, located in Europe, North America and Asia-Pacific, which are mainly leased. The registered office of Rexel and the administrative buildings of the operational entities house the management and operational functions of the Rexel Group;

– 43 distribution centers located in Europe (Czech Republic, Estonia, France, Germany, Austria, Belgium, Italy, Poland, Spain, Finland, Norway, The Netherlands, Portugal, the United Kingdom, Slovenia and Sweden), North America (United States), Asia-Pacific (Australia and New Zealand) and Latin America (Brazil, Chile and Peru). Distribution centers are mainly leased and have an average surface area which varies from 10,000 sq. meters for those located in Europe (excluding France) to 17,000 sq. meters for those located in France (see paragraph 1.4.2.3 “Logistic organization of the Rexel Group” of this *Document de Référence*); and

– 2,272 branches (including hub branches) located in Europe, North America, Asia-Pacific and in Latin America. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 1,000 sq. meters. Branches are mainly leased (see paragraph 1.4.2.3 “Logistic organization of the Rexel Group” of this *Document de Référence*).

No single real estate asset of the Rexel Group is deemed significant to the Rexel Group as a whole and no significant investment in real estate assets is currently being considered. These assets are not subject to any encumbrance which would affect their current use or value.

1.7 Investments

1.7.1 Completed investments

The table below provides details by line item at the Rexel Group level of capital expenditures, acquisitions and disposals for each of the financial years ended December 31, 2013, 2012 and 2011.

(in millions of euros)	2013	2012	2011	2011-2013 Total
Capital expenditure				
IT systems	44.7	45.5	44.6	134.8
Branch renovations and openings	22.5	24.8	36.3	83.6
Logistics	14.9	17.0	12.2	44.1
Others	20.2	3.3	5.1	28.6
Total gross capital expenditure	**102.3**	**90.6**	**98.2**	**291.1**
Change in fixed assets suppliers payable	(7.3)	0.3	(3.4)	(10.4)
Disposals of fixed assets	(22.9)	(7.1)	(26.4)	(56.4)
Total net capital expenditure	**72.1**	**83.8**	**68.4**	**224.3**
Acquisitions and disposals of subsidiaries				
Acquisitions	12.7	595.6	100.5	708.8
Disposals	(10.4)	–	(44.8)	(55.2)
Total acquisitions and disposals of subsidiaries	**2.3**	**595.6**	**55.7**	**653.6**

Gross capital expenditure in 2013, 2012 and 2011 represented 0.8%, 0.7% and 0.8% of Rexel Group's consolidated sales, respectively.

Capital expenditures carried out in 2013 are described in paragraph 4.3 "Cash flow" of this *Document de Référence* and were financed by the Rexel Group in cash.

1.7.2 Principal investments in progress

The roll-out of a streamlined information systems solution in the United States was completed in 2013 within the Rexel Inc. network and has been initiated for the Gexpro network. As from 2013, it involves the simultaneous redesign if the branch network as well as the setting up of common logistics. In the United Kingdom and Australia, the roll-out of new commercial and logistical platforms has also been continuing since 2011. In a number of other European countries, particularly Sweden, The Netherlands and Germany, a consolidation plan of the logistics tools has continued in 2013. Moreover, the Rexel Group has continued to roll-out its new e-commerce platform in a process initiated in 2010 as well as customer relation management solutions.

1.7.3 Principal planned investments

At the date of this *Document de Référence*, there was no firm commitment to third parties concerning material financial investments, other than those described in paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*.

The Rexel Group's operating investments, which are mainly linked to its IT systems, logistical resources and branch network, generally account for between 0.7% and 0.9% of its sales, on a yearly basis.

1.8 Regulations

The professional distribution of low and ultra-low voltage electrical products is not, as such, subject to any specific regulations. However, certain regulations may impact the Rexel Group's activities.

1.8.1 Product liability

As a distributor, the Rexel Group has potential products liability for products that it distributes.

The products and equipment distributed by the Rexel Group benefit from manufacturer's product guarantees. The product guarantee granted by the Rexel Group is comparable to the guarantee granted by the manufacturer. In some circumstances, the warranties granted by the Rexel Group may exceed those granted by the manufacturer. In those circumstances, the Rexel Group may be solely liable for any non-compliance with the warranty during the time period during which only the Rexel Group's warranty is in effect.

In addition, agreements entered into between the Rexel Group and its customers generally contain clauses providing for compliance with applicable standards and regulations, indemnification rights as well as guarantees concerning the supplier's qualification (reputation, financial solidity, adequate insurance policies and compliance with applicable standards and regulations), clauses for the return of products under which the supplier undertakes to take the products back in the event of product defects in certain circumstances, changes in applicable regulations or obsolescence of such products. Also, to the extent possible and subject to applicable legal provisions, the Rexel Group may also be covered by insurance policies entered into by the suppliers.

In most of the territories where the Rexel Group operates as an importer, the Rexel Group may be held liable for any defects of the products that it imports and distributes. In all cases of import, the Rexel Group negotiates with its partners on the basis of its contractual strategy in relation to product liability.

1.8.2 Environmental regulations

The Group's activities are subject to, *inter alia*, EU and Canadian environmental regulations. However, other countries may have adopted environmental regulations that could impact the Group's activities in such countries.

- The "RoHS" Directive

Directive 2002/95/EC of the European Parliament and of the Council of January 27, 2003, known as the "RoHS" Directive (Restriction of Hazardous Substances), prohibits the use of certain hazardous substances in electrical and electronic equipment.

Directive 2011/65/EU of July 1, 2011 has extended the reach of this Directive, specifically with regards to its scope, and imposed new obligations on the economic players. The scope of the new Directive includes an increased number of electrical and electronic appliances, in particular cables and spare parts.

The Rexel Group strives to set up adequate measures in order to conform to the Directive.

- The "WEEE" Directive

Directive 2002/96/EC of the European Parliament and of the Council of January 27, 2003, known as the "WEEE" Directive, on waste electrical and electronic equipment from private households, *i.e.* targeting the end consumer, calls for selective collection of electrical and electronic equipment waste, selective treatment of certain components and waste recovery through recycling (material and energy recovery). The WEEE Directive also calls for European Union member states to set up recycling programs for electrical and electronic equipment waste. These programs are financed by an "eco-contribution" borne by the end consumer. The WEEE Directive also requires manufacturers to label equipment with reference to EU standards (e.g. NF EN 50149 standard in particular), with a symbol on all household electrical and electronic equipment indicating that these products must be collected separately. In this context, the Rexel Group offers, for each product sold, the recovery of a similar product with a view to its collection by the eco-organizations managing the recycling program concerned. The Rexel Group believes that the impact of this system will be limited and that it complies with this regulation in the countries in which it has been implemented.

Directive 2002/96/EC was repealed effective as of February 15, 2014. The EU Member States were required to transpose Directive 2012/19/EU by February 14, 2014.

- The "REACH" regulations

Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006 known as the

"REACH" (Registration Evaluation and Authorization of Chemicals) regulation relates to the registration, evaluation and authorization of chemical products as well as the restrictions applicable to these products. As a distributor on the European market of products that may contain chemical substances concerned by these regulations, the Rexel Group is bound to provide its customers with the information received from its suppliers and relating to the health and environment impacts of these substances. The main entity liable is the manufacturer of chemical products. The Rexel Group may, as the case may be, no longer receive certain products if a supplier was required to stop using certain substances. The Rexel Group has implemented a process aiming at collecting and providing the information in accordance with the REACH regulation.

- The Canadian "WEEE" regulations

Since 2010, six provincial authorities in Canada have adopted regulations on waste electrical and electronic equipment, financed by an "eco-tax" (fixed tax on product sales). Only a few products distributed by the Rexel Group are concerned. Because the full cost of this tax is passed on to the customers, the impact of the regulations for the Rexel Group is very limited.

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Risk Factors and Internal Control

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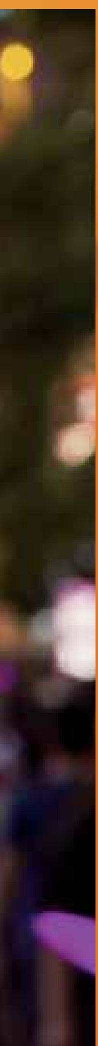

Investors are urged to carefully review the risks described in this chapter, as well as all of the other information set forth in this Document de Référence. Such risks are, on the date hereof, the risks that the Rexel Group believes may have a material adverse effect on its financial condition or its results of operations, should they occur. The Rexel Group conducted a review of these risk factors and considers that there are no other significant risks than the ones described in this section. Note that there may, however, be other risks that have not yet been identified as of the date of this Document de Référence, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect. This chapter includes a description of the risk factors of the Rexel Group, as well as the risk management measures taken for each of them. Moreover, the risk management process implemented within the Rexel Group is described in paragraph 2.3 "Internal control and risk management procedures" of this Document de Référence.

2.1 Risk factors

2.1.1 Risks relating to the Rexel Group's industry

2.1.1.1 Risks relating to the general economic environment

The Rexel Group's end-markets are the industrial market, the commercial building market and the residential building market. These markets can be further subdivided into investment and construction, on the one hand, and maintenance and renovation, on the other hand. The Rexel Group's business is sensitive to changes in general macroeconomic conditions and, more particularly, those affecting industrial investments and the construction, renovation and maintenance of residential and commercial buildings. In addition, the demand for the products distributed by the Rexel Group, the prices of such products and the Rexel Group's margins depend on many factors, such as inflation, interest rates, bank credit availability, or changes in economic and monetary policy.

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic areas in which the Rexel Group operates. Europe, North America, Asia-Pacific and Latin America accounted for approximately 55%, 34%, 9%, and 2% of the Rexel Group's 2013 sales respectively. The Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 35%, 43% and 22% of its 2013 sales from the distribution of electrical equipment. However, this distribution varies by region and by country (see paragraph 1.4.1 "The Rexel Group's markets" of this *Document de Référence*). For example, the industrial market accounts for approximately 45% of 2013 sales of the Rexel Group in North America while it is close to 82% of 2013 sales of the Rexel Group in China, and circa 27% in France. In each geographical area, construction, renovation, and maintenance activities evolve differently.

An economic downturn in one or more of the Rexel Group's markets, or across all of its markets, may have an adverse effect on its financial condition, results of operations or its ability to implement its strategic decisions.

Similarly, political or economic instability in one of the countries where the Rexel Group is established may have an adverse impact on the results of operations in such country and of the Rexel Group.

Although the Rexel Group cannot control the occurrence of external risks, the Rexel Group has implemented tools to monitor and assess the risk level and impact. For this purpose, summaries consisting of financial data and macroeconomic indicators are drawn up by the country and regional management teams as well as by the investor relations department of the Rexel Group. The summaries are delivered on a regular basis to the management of the Rexel Group.

These indicators are taken into account in the budget process and may lead to measures aimed to adapt the Rexel Group's strategy to the economic and political context.

2.1.1.2 Risks relating to acquisitions

In the last few years, the Rexel Group has carried out bolt-on acquisitions to increase its market shares (see paragraphs 1.2 "History and development" and 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*).

However, the Rexel Group may be unable to identify appropriate targets, complete acquisitions under satisfactory terms or ensure compliance with the terms of the relevant sale/purchase agreement. In addition, while the Rexel Group seeks the successful integration of acquired entities and businesses, it cannot guarantee that this integration will occur within the planned timeframes. Moreover, the Rexel Group may have difficulties in retaining the key employees identified during the acquisition process, or achieving expected synergies within planned timeframes. The Rexel Group may also bear charges or liabilities undisclosed in its acquisition and due diligence processes and integration costs may be higher than initially anticipated. Lastly, in certain cases, minority shareholders may retain interests in the share capital of the companies that the Rexel Group takes control of, including in order to ensure continuity, which implies increased complexity in decision-making processes.

The occurrence of one of the above risks may have an adverse effect on the Rexel Group's financial condition or results of operations.

In order to limit risks relating to acquisitions and integration processes of the acquired companies, the Rexel Group has improved the implementation and monitoring of acquisition projects. Any material acquisition (*i.e.*, any acquisition with an enterprise value in excess of €40 million) is decided by the Management Board, and then submitted for the approval of the Supervisory Board of Rexel upon recommendation of the Strategic Committee. Moreover, the appropriateness of each acquisition, in accordance with the Rexel Group's internal process, is considered by an Investment Committee, which meets at several stages of the acquisition process and reviews all of the issues in relation to the project. Lastly, throughout the entire acquisition process, the Rexel Group employs specialized advisors.

In relation to the post-acquisition stage, a dedicated team implements an integration plan and uses synergy follow-up tools for the larger acquisitions. Moreover a procedure for monitoring compliance with contractual undertakings in acquisitions has been established and distributed throughout the Rexel Group.

In addition, acquisitions carried out by the Rexel Group are reflected in its consolidated financial statements through the recognition of goodwill representing the expected future economic benefits from the purchased assets. Downward revisions of these expected benefits, including due to changes in macroeconomic conditions, may lead to goodwill impairments, which would then have an adverse impact on the financial position and results of the Rexel Group. At December 31, 2013, the amount of goodwill recognized in the Rexel Group's assets totaled €4,111.2 million and the depreciations recognized in the consolidated income statement for 2013 totaled €67.3 million (see note 10.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2013 included in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

2.1.1.3 Risks relating to competition

The market for professional distribution of low and ultra-low voltage electrical products is characterized by robust competition, as the products distributed by the Rexel Group are generally available from other distributors. At the international level, the Rexel Group competes with several large professional electrical distributors, such as Ahlsell, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Sonepar, Solar and WESCO International.

The Rexel Group also competes with smaller independent distributors that operate on the national, regional or local level which are part of, or may occasionally create, cooperative purchasing organizations.

In addition, general building trade distributors, and retail specialists in the building materials and equipment market, could continue to develop their electrical product offerings or acquire companies that are already present in the electrical product distribution sector and thereby create increased competition for the acquisition of market share.

Although the Rexel Group believes that, based on 2013 sales, it is the leading distributor in the Asia-Pacific region and number two in Europe and North America, some of the Rexel Group's competitors may have a larger market share than the Rexel Group in certain geographic areas.

Furthermore, the Rexel Group may compete with:

- manufacturers that sell their products directly to certain clients in the industrial and services markets, essentially in connection with large projects;
- large do-it-yourself stores that distribute products directly to residential end-users;
- electrical equipment distributors that specialize in e-commerce;
- specialized distributors on certain market segments, as for example low voltage electrical material.

Lastly, regional competitors and new market entrants could attempt to hire the Rexel Group's employees, particularly sales and branch management personnel, which may have an adverse effect on the Rexel Group's operations.

The competitive pressure that the Rexel Group faces may therefore have an adverse effect on its financial condition or results of operations.

In order to limit the competition risks inherent in its business, the Rexel Group relies on its dense network of branches and sales personnel, the efficiency of its logistical systems as well as the quality of its services. In addition to its branch network, Rexel has developed e-commerce functionalities in all countries, thereby responding to clients' expectations most notably by simplifying administrative tasks and giving them technical advice.

Moreover, dealing directly with a professional distributor allows customers to have access to a larger product offering than when dealing with a manufacturer and to benefit from a higher quality of service and advice than that proposed by large do-it-yourself stores or e-commerce sites.

Each year, the Rexel Group reviews its branch network and makes strategic decisions in relation to the establishment (opening/closing) of its branches and subsidiaries, taking into account market growth opportunities as well as its competitors' presence and market shares.

Lastly, in order to limit the risk of its key employees joining the competition, Rexel Group entities ensure that their remuneration policies are competitive and include non-compete clauses in employment agreements when such provision makes sense in the local market.

2.1.1.4 Risks relating to information technology systems

The attention of Rexel is highly focused on the protection and maintenance of the operational capacity and availability of its information systems.

Given the decentralized IT architecture and the recourse to several IT hosting providers located in various countries, the risk that a major malfunction affects operations globally is limited. Moreover, internal control procedures define a periodic validation of disaster recovery plans. In addition, the compliance with rules related to change management, planning and execution of complex projects as well as access rights management is verified through regular audits.

In 2013, Rexel continued to invest in solutions to protect critical systems from intrusion and hacking attempts. As new practices emerge around mobility at work, Rexel reinforces its practices regarding data management and protection on employees' laptops.

The Rexel Group cannot, however, provide assurances that all systems will continue to support permanently all activities under satisfactory conditions. A major malfunction or interruption could have a negative effect on its activity, its financial condition or its results of operations.

The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disruptions with respect to its personnel, operations or information flow.

2.1.1.5 Risks relating to the Rexel Group's logistical structure

The evolution of the Rexel Group's logistical structures or malfunction of one or several of such structures may result in temporary or long-lasting disruptions of its business and have a negative impact on its reputation and results of operations.

The Rexel Group's logistical organization, which is determined at the local level, as opposed to the international level, limits the impact of such a risk. Should a malfunction occur in a distribution center, the disruptions may be limited through the use of another distribution center or through inter-branch transfers.

Moreover, performance indicators and logistical platform security data are reported to the Rexel Group. Regular monitoring of this information serves to alert Rexel to problems and implement necessary corrective action. This monitoring is strengthened by spreading effective best practices throughout the Rexel Group.

2.1.1.6 Risks relating to supplier dependence

In order to rationalize its purchasing and strengthen its relationships with a smaller number of manufacturers, the Rexel Group is continuing to implement a policy to reduce the number of its suppliers. In 2013, the Rexel Group's purchases from its 25 leading suppliers accounted for more than 50% of its total purchases; more than 75% of its total purchases were from its 200 leading suppliers.

Overall, the Rexel Group believes that it is not dependent on any single supplier.

In general, the Rexel Group's distribution business involves entering into short and medium-term agreements with suppliers. The renegotiation of these agreements may lead to the suppliers' refusal to renew agreements or insistence to renew on terms that are less favorable to the Rexel Group. In addition, in certain contracts, the contractual provisions requiring the prior consent of the supplier in the event of a change of control may give rise to the supplier terminating such agreements or seeking an amendment on terms less favorable to the Rexel Group. Finally, the Rexel Group may face the inability of one or more of its suppliers to meet its contractual obligations, which may affect sales volume realized with the Rexel Group's customers.

In certain geographical areas, the Rexel Group may be dependent on certain suppliers due to, for example, exclusive or quasi-exclusive relationships, or a high concentration of suppliers in the purchases made. In the event it loses one or more such suppliers or that such a supplier reduces its product offering, the Rexel Group cannot guarantee that it will be able to offer a satisfactory alternative to its customers, as a result of which they may turn to one or more competitors to obtain products. In addition, the Rexel Group's suppliers could, in certain countries, change their product distribution channels by reducing the role of distributors, which would temporarily affect sales and corresponding gross profit.

The occurrence of any of these events may have an adverse effect on the Rexel Group's financial condition or results of operations.

In addition to purchase agreements, supply agreements are set up on a country level with certain suppliers. These agreements are determined in the scope of a partnership approach including shared indicators and action plans.

Moreover, in order to improve supervision of the main suppliers and to monitor the proper implementation of the Rexel Group's strategy, international coordination of the offer managers at the local level is organized on a regular basis.

In addition, in order to limit their dependence on their main suppliers, Rexel Group companies regularly identify alternative suppliers for the key products that they offer. Lastly, the relative importance of the Rexel Group to its main suppliers limits the risks relating to the termination of contracts or a material change in the product offers.

2.1.1.7 Risks relating to the Rexel Group's reputation

Considering its international presence and visibility, the Rexel Group is exposed to attacks of various natures against its reputation, in particular through communication means such as the Internet and the social media. These communication means are characterized by real time reactions and an exponential diffusion of information, which may have an impact on the Rexel Group's reputation, financial situation or results of operations in case a crisis or negative event occurs.

In order to limit such risk and to reduce its impact, the Rexel Group, in the context of its communication strategy, ensures a proactive monitoring of Internet tools, organizes information and education campaigns to the attention of its employees, raises its employees' awareness through the distribution of its Ethics Guide, implementation of stringent communication rules, and a crisis management process which is updated on a regular basis.

2.1.1.8 Risks relating to operations in emerging or non mature countries

Rexel develops its activities notably in emerging or non mature countries, where its exposure to operational risks might be higher than generally accepted standards, due to inefficient or insufficiently controlled processes, and/or due to a potentially changing economic, political, legal or tax environment. In order to limit its exposure, risk assessment, integration and monitoring processes of these entities or activities have been defined to eventually ensure an adequate level of internal control on operational risks.

2.1.2 Legal and regulatory risks

2.1.2.1 Risks relating to pending litigation

Risks related to pending litigation are described in detail in note 25 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2013, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. These litigations have been analyzed by the management who concluded that, as of closing date, they should be subject to no additional provision, other than those already booked.

Considering the status of pending tax claims and ongoing tax proceedings, Rexel believes that no material effect is to be expected with regards to its financial condition or its results of operations but cannot predict the outcome of these cases with certainty or assess potential tax adjustments.

There are no other governmental, judicial or arbitration proceedings (including any outstanding or threatened proceedings of which Rexel is aware of) that might have or that had during the last twelve months a material impact on the financial situation or profitability of Rexel or the Rexel Group.

The Rexel Group cannot rule out the possibility that new claims or lawsuits may arise as a result of facts or circumstances that are not known and the risks of which cannot, therefore, be ascertained or quantified at the date of this *Document de Référence*. Such claims may have an adverse effect on its financial condition or results of operations.

2.1.2.2 Risks relating to legal and tax regulations

Like any international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in a manner which takes into consideration various legal and tax requirements.

Given that tax laws and regulations in the various jurisdictions in which the Rexel Group operates may not provide clear-cut or definitive doctrines, the tax regime applied to the Rexel Group's operations and intra-Group transactions or reorganizations is sometimes based on the Rexel Group's reasoned interpretations of French or local tax laws and regulations. The Rexel Group cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which may adversely affect its financial condition or results of operations.

In order to limit the risks related to legal and tax rules applicable in the various countries where the Rexel Group is established, the legal and tax management of the Rexel Group, as well as specialized advisors assist local management in their transactions in respect of local law.

Furthermore, the Rexel Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from its entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and on the expected future results of the relevant entities. Any reduction in the ability to use these assets due to changes in local laws and regulations, potential tax reassessments or lower-than-expected results could have a negative impact on the Rexel Group's financial position or results. As at December 31, 2013, the Rexel Group's deferred tax assets linked to tax loss carry-forwards totaled €316 million, depreciated in an amount of €145 million (see note 9.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

2.1.2.3 Risks relating to regulatory matters, including environmental regulations

In light of the sectors in which it operates, the Rexel Group must ensure, *inter alia*, that its suppliers comply with applicable standards and directives in relation to products, the environment and safety.

The products that the Rexel Group distributes are subject to numerous legal and regulatory requirements applicable in each of the jurisdictions in which the Rexel Group operates. These products are also subject to quality and safety regulations and inspections resulting from national and international standards. In particular, these regulations involve European Union directives and standards adopted by international organizations, such as the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission. Changes in such laws and regulations and their implementation may necessitate a change in the product offering or cause an increase in its distribution expenses.

The risk management mechanism implemented by the Rexel Group with respect to product liability is described in detail in paragraph 1.8.1 "Product liability" of this *Document de Référence*.

The Rexel Group must also endeavor to comply with local environmental regulations. The environmental risk prevention and management mechanisms are described in paragraph 3.3 "Environmental information" of this *Document de Référence*.

2.1.2.4 Risks relating to pension plans

Risks relating to pension plans and the corresponding risk management tool are described in note 19 to the consolidated financial statements of the Rexel Group for the year ended December 31, 2013, as set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.3 Risks relating to the Rexel Group's financing

2.1.3.1 Risks relating to indebtedness

As at December 31, 2013, the Rexel Group's gross indebtedness amounted to €3,124.9 million and its net indebtedness amounted to €2,192.0 million. Moreover, in 2011, 2012 and 2013, Rexel issued bonds for a total amount of €1,863.9 million.

Subject to certain conditions, Rexel and its subsidiaries may also incur or guarantee new borrowings.

Rexel Group's level of indebtedness may affect its financing capacity as well as the financial costs thereof.

The Rexel Group may be required to devote a significant portion of its cash flow to meet its debt service obligations, which may result in a reduction of funds available to finance its operations, capital expenditures, organic growth initiatives or acquisitions. In particular, the Rexel Group's financial expenses may increase in the event of a material increase in interest rates, *inter alia* in relation to the unhedged portion of its debt.

The Rexel Group may thus be at a disadvantage compared to competitors that do not have a similar level of indebtedness.

Furthermore, the Rexel Group's ability to meet its obligations, in particular complying with the restrictions and contractual obligations, contained in certain of its credit agreements (in particular those in connection with the Senior Credit Agreement, the 2011 Bonds, the 2012 Bonds, the 2013 Bonds and the securitization programs, as described in note 20.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*), or to pay interest on its loans or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Rexel Group's future operating performance, which may be affected by a number of factors (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.), some of which are beyond the Rexel Group's control.

If at any time the Rexel Group has insufficient cash to service its debt, it may be forced to reduce or delay acquisitions or capital expenditures, sell assets, refinance its debt or seek additional funding, which may adversely affect its business or financial condition. The Rexel Group may not be able to refinance its debt or obtain additional financing on acceptable terms.

The measures implemented to manage these risks are described in paragraph 2.1.3.2 "Risks relating to bank and bond financing (excluding securitizations)" and 2.1.3.3 "Risks related to securitization programs" of this *Document de Référence*. In addition, this debt exposes the Rexel Group to interest rate risk, which is described in paragraph 2.1.4.2 "Interest rate risk" of this *Document de Référence*.

2.1.3.2 Risks relating to bank and bond financing (excluding securitizations)

Certain bank loans and bond financings, including the Senior Credit Agreement and the 2011 Bonds, the 2012 Bonds and the 2013 Bonds (as described in note 20.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*), contain customary restrictions limiting the Rexel Group's operations. In particular, these restrictions limit its capacity to grant guarantees on assets, to dispose of certain assets, carry out acquisitions, merger or restructuring transactions, borrow or lend money, provide collateral and make certain investments, set up joint ventures, or change the business operations of the Rexel Group.

The Senior Credit Agreement and the 2011 Bonds, 2012 Bonds and 2013 Bonds also contain provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or changes of control. These restrictions may impact the Rexel Group's ability to respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group's borrowings include various financial commitments described in note 20.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. As of December 31, 2013, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide, for each financial commitment, a certificate of compliance with the relevant undertakings and of calculation of the items based on which compliance with such undertakings is assessed, including the pro forma indebtedness ratio (*i.e.*, adjusted consolidated net debt compared to adjusted consolidated EBITDA). This certificate is the subject of a confirmation provided by the Rexel Group's statutory auditors.

Rexel's ability to meet these commitments will depend on the financial and operating performance of the Rexel Group as well as on various factors, some of which are beyond the Rexel Group's control. Non-compliance by the Rexel Group with its financial covenants, in particular with the financial ratios set out in the Senior Credit Agreement and the 2011 Bonds, the 2012 Bonds and the 2013 Bonds may result in early termination by the borrowers of the agreements entered into with the Rexel Group, and such borrowers may under such agreements require early repayment of any amounts of principal or interest, that are due.

In such cases, the Rexel Group may not be in a position to refinance its indebtedness under similar terms, which may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

As the group holding company without business operations of its own, Rexel relies on distributions from its subsidiaries. Rexel's inability to obtain sufficient funds from its subsidiaries could have an adverse effect on its capacity to meet its obligations under its indebtedness or to distribute dividends.

In order to monitor compliance with its financing agreements, the Rexel Group's management regularly reviews the current and forecasted situation and the implementation of corrective action is proposed to the Management Board if needed. The Audit Committee follows-up on these situations on a regular basis.

2.1.3.3 Risks relating to securitization programs

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable (within the terms described in note 20.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

As at December 31, 2013, the Rexel Group was in compliance with all of its financial commitments under these securitization programs.

If Rexel Group companies do not comply with their obligations as established by the credit institutions or the investors, such programs could be terminated. Furthermore, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Rexel Group's financial position in the event of deterioration of the quality of the receivables. In addition, the Rexel Group's receivables are transferred to special purpose entities that are financed through the issuance of short-term debt instruments subscribed by investors. In exceptional circumstances, the Rexel Group cannot guarantee that the special purpose entities could continue to issue such instruments, or to do so under similar terms. In such circumstances, the Rexel Group may be forced to refinance all or part of the programs affected by such events under less favorable terms.

The securitization programs are a material source of financing of the Rexel Group. In the cases described in the paragraph above, Rexel cannot provide assurances that the Rexel Group may refinance itself under similar terms, if at all. The implementation of refinancing under less favorable terms may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

A monthly follow-up of the contractual obligations to be complied with is carried out by the Finance-Treasury department. For pan-European plans, a simulation of the various ratios' sensitivity to the evolution of sales forecasts (which determines the amount of liabilities) and the evolution of certain parts of the aged trial balance, is carried out on a monthly basis by the Finance-Treasury department of the Rexel Group with the help of the financial management of the relevant countries. For the other programs, subject to lower risk, a monthly review of the ratios is carried out.

The accounting treatment of the securitization programs is described in note 20.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.4 Market risks

2.1.4.1 Risks relating to changes in prices of certain raw materials

In connection with the distribution of cable products, which account for approximately 15% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for 60% of the composition of cables, cable prices change in accordance with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that the cable prices paid by the Rexel Group also depend on suppliers' commercial policies, the competitive environment of the Rexel Group and exchange rates. The Rexel Group's exposure to copper price variations is therefore indirect, and the Rexel Group is unable to provide a relevant sensitivity analysis in connection with copper-based cable price variations.

The Rexel Group believes that a decrease in copper-based cable prices would have the following effects:

- a negative recurring impact linked to a decrease in sales, insofar as the Rexel Group passes-on most of the price decreases in the purchase prices of these cables through lower sales prices; and
- a negative non-recurring impact on gross margin corresponding to the impact of copper-based cable price decreases between the time they were purchased and the time they were sold, until complete turnover of inventory.

An increase in copper-based cable prices would have the reverse effects of those described above.

The recurring effect in relation to the price variation of copper-based cables reflects the price impact linked to the change in value of the copper part included in the selling price of cables from one period to another. This effect mainly relates to sales and margin.

The non-recurring effect in relation to the price variation of copper-based cables reflects the effect of copper price variations on the selling prices of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier's price effective at the date of the sale of the cables by the Rexel Group. Moreover, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit less, as the case may be, the non-recurring part of the change in administrative and commercial expenses (essentially, the variable part of compensation of sales forces, which absorbs approximately 10% of the change in gross profit).

These two effects are assessed, where possible, on all of the cable sales of the period, with the countries in this situation representing over two-thirds of the Rexel Group's consolidated sales (excluding activities other than the distribution of electrical products). The Rexel Group's internal procedures provide, in addition, that entities without information systems allowing them to carry out these calculations on an exhaustive basis must assess these effects based on a sample representing at least 70% of sales of the period, with the results being then extrapolated to all of the cable sales of the period. Taking into account the sales covered, the Rexel Group believes that the effects so measured represent a reasonable estimation.

In 2013, the Rexel Group estimates that variations in cable prices have contributed to reduce, on a recurring basis, its sales by approximately 0.8% on a constant basis and same number of days (as defined in chapter 4 "Results of Operations and Financial Position of the Rexel Group" of this *Document de Référence*). Furthermore, the change in cable prices in 2013 resulted in a negative non-recurring impact on EBITA estimated at €15.3 million.

By comparison, in 2012, the Rexel Group had estimated that variations in cable prices had contributed to reduce, on a recurring basis, its sales by approximately 0.7% on a constant basis and same number of days (as defined in chapter 4 "Results of Operations and Financial Position of the Rexel Group" of this *Document de Référence*). Furthermore, the change in cable prices in 2012 had resulted in a positive non-recurring impact on EBITA estimated at €1.8 million.

Although the occurrence of external risks cannot be managed, the Rexel Group has implemented tools to monitor and assess the risk level and impact. A specific monthly reporting process has been developed and is analyzed by the central teams. Furthermore, the Rexel Group discloses results adjusted to exclude the non-recurring effects of copper price variations.

The Rexel Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminum or nickel) or oil. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2013, transportation costs accounted for 2.6% of the Rexel Group's sales. Most of the entities of the Rexel Group have entered into transport outsourcing agreement, which allow the impact of changes in oil prices to be managed.

Changes in prices of certain commodities may have an adverse effect on the financial situation or the results of the Rexel Group.

2.1.4.2 Risk relating to interest rate

The interest rate risk and the system in place to manage this risk are detailed in note 21.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

The applicable margin to the Senior Credit Agreement (as described in note 20.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*) is determined based on the Indebtedness Ratio (as defined in the Senior Credit Agreement), in accordance with the mechanism described in note 20.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. Thus, depending on the Indebtedness Ratio, the margin applicable to the Senior Credit Agreement may vary between 1.45% and 3.00% (*i.e.*, a range of 155 base points), which may result in an increase in the financial expenses. It amounted to 2.15% as at December 31, 2013.

2.1.4.3 Risk relating to exchange rate

The exchange rate risk and the system in place to manage this risk are detailed in note 21.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.4.4 Risk relating to liquidity

The liquidity risk and the system in place to manage this risk are detailed in note 21.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

A description of the Rexel Group's indebtedness is provided in paragraph 4.4 "Sources of financing" of this *Document de Référence*.

A quarterly review of the Group's liquidity level is performed during Audit committees. Corrective measures would be taken if the level of liquidity became lower than adequate.

2.1.4.5 Risk relating to counterparty

The counterparty risk and the system in place to manage this risk are detailed in note 21.4 to the Rexel Group's consolidated financial statements for the year ended December 31, 2013, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.4.6 Risk relating to equity instruments

With the exception of Rexel's treasury shares, the Rexel Group does not hold, as of the date of this *Document de Référence*, any interests in listed companies.

As at December 31, 2013, Rexel held 1,670,202 of its own shares, as detailed in paragraph 8.2.3 "Treasury shares and purchase by Rexel of its own shares" of this *Document de Référence*.

Therefore, the Rexel Group believes that it is not subject to any risk in relation to shares of listed companies, other than the risk relating to the hedging assets of the pension obligations referred to in paragraph 2.1.2.4 "Risks relating to pension plans" of this *Document de Référence*.

2.2 Insurance

The Rexel Group's insurance policy focuses on the coverage of insurable risks likely to significantly affect or endanger its operations. Accordingly, the Rexel Group has implemented insurance programs that cover its activity, distribution centers and branches against damages (property damage and related operating losses) arising from unforeseeable and hard to control events, as well as civil liability. These programs cover all the risks relating to the professional distribution of electrical products and the locations of the Rexel Group.

As concerns the risk management procedure described above, the Rexel Group implements a policy of prevention and site protection in order to limit the risk of the occurrence of accidents and the extent of damages in particular: training of branch managers, audit of main sites, follow-up of guidelines from security professionals.

In addition, the Rexel Group believes that the impact of potential accidents on its financial situation may be reduced given the level of the deductibles and the density of its branch network which limits the impact of accidents on one or more of its branches.

The insurance programs of the Rexel Group underwritten by insurance companies of international stature cover in particular the following risks:

– property damage in connection with the assets of the Rexel Group due to an external fortuitous event, including fire, explosion, water damage, lightning, storm, flooding, natural hazards, as well as resulting operating losses;
– civil liability: bodily injury, property damage and related financial damage resulting from property damage caused to third-parties by the Rexel Group in connection with its activities for the operating and post-product delivery risks.

Given the Rexel Group's international presence and applicable regulations, the Rexel Group has taken out local insurance policies in order to take into account local practice and/or obligations in the relevant countries.

These policies are regularly analyzed (based on Rexel Group's experiences, exchanges with the market, industry practices, and the advice of brokers) in order to check the adequacy of coverage with regards to potential risks. Guarantees limites widely exceed the amount of losses experienced in the past.

In addition, risks of payment default for receivables are covered by local credit insurance policies that have been implemented in countries where such insurance is available and where the Rexel Group can obtain favorable conditions. The contractual terms of this insurance are negotiated at the Rexel Group level through credit insurance companies of international renown. Resulting coverage is obtained subject to certain conditions, on an individual basis for each customer.

2.3 Internal control and risk management procedures

The methods adopted by the Rexel Group are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard as well as on the reference framework suggested by the *Autorité des marchés financiers* (AMF), as completed by its application guide.

Risk management is a lever for managing the Group that helps:

– creating and preserving the Rexel Group's value, assets and reputation;

– securing the decision-making and the Rexel Group's processes to attain its objectives;

– promoting the consistency of the Rexel Group's actions with its values;

– bringing the Rexel Group's employees together behind a shared vision of the main risks.

The risk management process aims at identifying and analyzing the main risks that the Rexel Group may face. The risks that are beyond the acceptable limits set by Rexel, are dealt with and, as the case may be, are the subject of action plans. These action plans may include the implementation of controls, the transfer of financial consequences (through the setting up of an insurance coverage or an equivalent mechanism) or changes in the organization. Controls to be implemented are part of the internal control system.

The Rexel Group considers internal control as an ongoing process, which aims to ensure that:

– laws and regulations are complied with;

– the instructions and directional guidelines set by the general management are implemented;

– the Group's internal control processes are functioning correctly, particularly those related to the security of its assets; and

– financial information is reliable.

As such, internal control contributes to risk management, fraud prevention and monitoring, transactional efficiency and the efficient use of Rexel Group's resources. However, as well conceived and applied as they may be, these measures cannot absolutely guarantee the achievement of the Group's objectives.

The Group is organized around geographic zones (the "Zones") regrouping one or several countries or entities (the Entities, which do not always match a country). Each Zone is represented on the Rexel Group's Executive Committee by its Managing Director.

At the headquarters level, the functional departments participate in defining and updating the internal control standards as well as in documenting and managing identified risks. The implementation of efficient and adequate internal controls is among their objectives.

The internal control system described below constitutes a common standard, which must be implemented by the Management of the respective Entities. They are responsible for supplementing it by setting up local procedures. This internal control system applies to all consolidated Entities.

2.3.1 Control environment

The control environment is the keystone of the internal control system. Responsibility and the sense of responsibility are thus key principles in the definition of roles and responsibilities.

The role of management in promoting ethical conduct of the Rexel Group is essential to the control environment, which relies, since 2007, on an Ethics Guide, which has been translated into at least one of the official languages of 35 of the 38 countries where the Group operates. In 2013, the Ethics Guide was updated in order to reflect the values promoted through the Group's enterprise project launched in 2012, *Energy in Motion*. This approach is detailed in paragraph 3.1.6 "Ethical commitment of the Rexel Group" of this *Document de Référence*.

On April 4, 2007, the Management Board approved a Market Ethics Charter in accordance with the recommendations of the AMF, updated on a regular basis. This charter reiterates the applicable regulations relative to the risks of having, disclosing or potentially using inside information (it being specified that inside information is a "precise non-public information relating, directly or indirectly, to one or several issuers of financial instruments, or one or several financial instruments, which would be likely to have a significant influence on the price of such financial instruments or on the price of related financial instruments if it were to be made public"). This approach is complemented by the monitoring of a list of inside information holders, who are reminded of their obligations on a regular basis.

2.3.2 Risk management system

In 2013, the Rexel Group appointed a Risk Manager and Chief Compliance Officer, thus complementing the existing system (including in particular the functions of the previous Risk Manager). He is in charge of:

– Defining, deploying and coordinating the Rexel Risk Management approach, under the oversight of the Risk Committee, and especially identifying and prioritizing operational and non-compliance risks,

– Coordinating the Rexel compliance program in its definition, implementation and maintenance,

– Providing support to risk owners in risks analysis, definitions of recommendations, and action plans follow-up,

– Enhancing the Group's Risk Management and compliance culture through trainings and communication activities.

The risk management system also relies on the Risk Committee, set up in 2010 and reporting to the Management Board, whose duties include, in particular:

– Piloting the annual update of the Group's risk mapping and the on-going identification of risks;

– The identification of "risk owners", the determination of the related action plans and the follow-up on the implementation of these plans;

– The review of the existing procedures and identification of the procedures to be set up with respect to the general remit of the Committee to identify the risks incurred and the implementation of procedures to control such risks within the Group;

– To ensure the coordination and coherence of the aforesaid procedures and the aforesaid plans;

– More specifically, to ensure the implementation of the "Risk Management Policy";

– To ensure the application of the procedures and to monitor the effectiveness of risk management organization and the procedures set up.

The Risk Committee met on 4 occasions in 2013. The Risk Committee reported on its work and made recommendations to the Management Board on two occasions during this financial year.

2.3.2.1 Risk identification and assessment

The Audit Committee has an overall view on Rexel Group risks through the risk mapping set by the Management Board upon the recommendations of the Risk Management Committee. It is kept informed by the Director of Internal Audit, the Chairman of the Risk Management Committee and by the functional Directors on various risks that are specific to their field. The major risks identified are presented regularly to the Audit Committee.

Under the supervision of the Risk Management Committee, the Risk Manager and Chief Compliance Officer carries out annually the process of updating this mapping based on interviews with members of the Risk Management Committee, of the Management Board and with certain members of the Rexel Group's Executive Committee. Risk mapping is also carried out every year on selected Entities in order to deploy the approach locally and to enrich, if needed, risk mapping at the Rexel Group level. In 2013, this process included 6 Entities.

The risk identification and evaluation processes which allows the updating of the risk mapping begins with the updating of the risk universe which identifies and prioritizes all the potential risks identified for the Rexel Group based on their nature and impact.

This risk analysis covers the three following areas:

– Risks regarding process optimization and operating excellence: only the risks which do not benefit from an identified process manager or from an effective alert system are reviewed by the Risk Management Committee;

– The risks related to the main on-going transformations in the Rexel Group;

– Internal and external threats which could affect the Rexel Group, in particular changes in the economic or competitive environment and the internal weaknesses which could materially impact the Rexel Group.

Used both as an identification and follow-up tool, this mapping also allows the vision of risks to be shared among the Rexel Group and to update risk factors disclosed in paragraph 2.1 "Risk Factors" of this *Document de Référence*.

The Risk Management Committee annually reviews the consistency between the risks mapping and the risk factors.

2.3.2.2 Risk Management

The updating of the risk mapping within the Rexel Group, carried out in 2013 under the supervision of the Risk Committee allowed the Management Board to update the list of top-priority risks and to identify risks of lesser priority, for which a specific follow-up has nevertheless been suggested.

With respect to the top-priority risks, the Rexel Group's approach, managed by the Risk Committee, consists in setting up a working group under the responsibility of a clearly determined sponsor designated by the Management Board. This sponsor presents the potential impacts, the indicators and the actions implemented to limit the said risk, as well as action plans aiming at reducing the risk to an acceptable level, as appropriate. These action plans are presented to the Management Board by the Risk Committee for approval. The Risk Committee then monitors the effective implementation of such action plans, with the support of the Internal Audit and Internal Control Departments of the Rexel Group.

Certain risks do not directly fit in the scope of works of the Risk Committee. Thus, strategic risks and certain transversal risks are monitored by the Rexel Group's Executive Committee which is assisted by appropriate working groups which provide it with a detailed analysis of each risk and identify measures to be taken to manage these risks. Financial market risks and compliance risks are monitored mainly by the functional Departments of the Rexel Group. They define action plans to be implemented by Entities based on procedures which they establish.

The internal control system and the action plans defined by the Entities allow the management of operational risks. Internal control teams are responsible for monitoring the implementation of these action plans.

Therefore, the risk management policy implemented within the Rexel Group, relying on the Risk Committee, the Management Board, the Audit Committee, the Internal Control and the Internal Audit Department of the Rexel Group ensure an acceptable level of risk considering its activity and structure.

Although the risk identification, assessment and management procedures are deemed acceptable by the Rexel Group, assessments are regularly conducted in order to identify the areas in which improvements are necessary or desirable. Once these areas are identified, improvement actions are implemented.

The Rexel Group insurance policy (one of the risk management measures) is set out in paragraph 2.2 "Insurance" of this *Document de Référence*.

2.3.3 Control activities

The Rexel Group and its branch network is a decentralized structure that rests on the sense of responsibility throughout line management.

Relying on the control environment described in paragraph 2.3.1 "Control environment" of this *Document de Référence*, the Rexel Group has compiled a Book of Guidelines which is regularly updated and communicated to the management of its Entities. For each of the main processes, the Book presents the risks, the control objectives, and the related controls. Some of these controls must be strictly integrated in the operating processes of the Entities while others are only guidelines, the implementation of which is subject to the assessment of the Entities' Management, based, in particular, on local conditions.

The Book contains, for an operational entity, approximately 650 controls divided into the following activities:

- strategic processes: external growth and development, governance and communication,
- operating processes: sales, purchasing and supply chain,
- support processes: information systems, human resources, financial and accounting information, treasury, tax, legal, real estate and insurance.

This Book is completed by additional procedures set up by the functional departments and that must be implemented by the Rexel Group's Entities.

When it comes to management reporting and the preparation of financial statements, the Financial and Administrative Department of the Rexel Group has defined a set of procedures, tools and guidelines that give it the means to ensure the quality and consistency of distributed information. These guidelines are discussed in paragraph 2.3.6 "Internal control procedures relating to the preparation and treatment of accounting and financial information" of this *Document de Référence*.

2.3.4 Internal communication of relevant and reliable information

The organization of the internal control system requires the mobilization of appropriate expertise (so that it is used to reduce risk through the creation of adequate controls) and communication adapted to ensure improved dissemination of the Rexel Group's objectives. This communication allows the Rexel Group senior management to share with general management teams not only the measures and objectives of risk reduction, but also the information necessary to allow the alignment of their decisions and activities with defined objectives.

On the one hand, communication with the Rexel Group's management bodies is made on a regular basis during the meetings of the Audit Committee and of the Risk Committee. In particular, each quarterly Audit Committee meeting is used to summarize control and internal audit activities performed during the period. The Executive Committee meetings and the meetings regularly organized within the various functions of the Rexel Group also served as occasions to mobilize the headquarters' and subsidiaries' main managers with respect to the importance of conforming the activities of the Rexel Group to the standards the Group has established.

On the other hand, communications with the subsidiaries includes regular exchanges, notably on the occasion of the annual self-assessment (see paragraph 2.3.5 "Steering and monitoring of the internal control system" of this *Document de Référence*) and of the monitoring of action plans. Since 2012, a formal meeting is organized at least once a year with the General Manager of each Zone, its Financial Controller and the Group Financial Direction, in order to monitor the various matters related to internal control.

Finally, the Rexel Group develops through its Intranet a knowledge sharing system which is organized, in respect of the internal control, around the Book of Guidelines and the complementing procedures. In addition, various communities specific to each function ensure the diffusion of their own instructions, procedures and best practices.

2.3.5 Steering and monitoring of the internal control system

The internal control system is steered and monitored under the control of the Group's Audit Committee. The Audit Committee reviews the organization and application of the internal control framework within the Group and reviews the risk identification and management procedures. It controls internal audit procedures, which, together with the self-assessment process, form the basis of the monitoring system. Other teams, from the functional departments in the headquarters, as well as the external auditors, are also involved.

2.3.5.1 Internal control self-assessment

The Rexel Group is engaged in a process to permanently improve its internal control system. To carry out this task, the Internal Control Department coordinates on an annual basis a self-assessment exercise, measuring compliance with the Book of Guidelines, through a questionnaire sent to the management of the Entities. The results of this self-assessment are shared with the Executive Committee, management of the Entities of the Rexel Group, the functional departments in the headquarters and the Audit Committee. As such, it is a tool to promote awareness on internal control as well as a measuring stick.

The last self-assessment was carried out in the first quarter of 2013 and covered all processes of the Rexel Group guidelines (see paragraph 2.3.3 "Control activities" of this *Document de Référence*). As a consequence of an amendment to the schedule, the new self-assessment will be organized in the third quarter of 2014.

Action plans associated with these self-assessments are defined and implemented under the responsibility of the management of the Entities. The goal of these action plans is to bring each Entity up to the level of control of its processes recommended by the Rexel Group and, by doing so, to control risks.

These self-assessments also allow more general areas of progress to be identified, that are the subject of internal control improvement action plans at the level of the functional directions at the headquarters. These plans include the definition and dissemination of good practices and assistance to local management teams.

In addition, certain Entities are less mature in their internal control system, in particular, entities which recently entered the Rexel Group following external growth transactions. Internal control's continuous improvement plan is intended to bring these Entities to the required level.

As the self-assessment approach cannot, by its nature, guarantee that the internal control system is applied in an effective manner, the Rexel Group supplements this self-assessment initiative with carrying out internal audits during which certain key controls, which are the subject of the self-assessment by the Entities, are tested. External auditors also review internal control systems within the Rexel Group on a regular basis and inform the Rexel Group's management and supervisory bodies of the findings of such reviews.

2.3.5.2 The internal audit role

The Internal Audit Department has been assigned by the General Management the task of ensuring compliance with the Rexel Group's rules within its Entities, and more generally evaluating the risks associated with the subjects of their audits, notably operational, financial or related to safety.

The role, the scope and the responsibilities of the internal audit have been defined in an Internal Audit Charter, the updating of which has been officially approved by the Audit Committee in February 2011.

At the end of 2013, the internal audit group included 27 people, including 11 in the headquarters and 16 in the subsidiaries of the Rexel Group (located in Australia, Austria, Brazil, Canada, China and South-East Asia, the United States, France and the United Kingdom), each main Zone thus having at least one auditor.

Based on an audit plan approved by the Audit Committee, the internal audit teams performed in 2013 24 audits of accounting, financial and operating procedures. About more than 400 audits on the network of branches were also carried out or supervised by this team.

Following each audit and based on recommendations by the auditors, action plans are prepared by the relevant Entities to address the weaknesses revealed in the audit report. The Internal Audit Department has established a process aiming to follow-up on the implementation of the action plans in order to ensure that the weaknesses detected are corrected.

In addition, these assignments allow for better control of the results of the self-assessments conducted by the Entities, about half of the controls in respect of which self-assessments have been conducted being reviewed in the context of a standard accounting and financial processes audit assignment.

Finally, each quarter, the Director of Internal Audit presents a summary of the activity of the teams and the main conclusions of their audits to the Audit Committee of the Rexel Group and to the Management Board members.

2.3.5.3 The external audit role

External auditors contribute to the internal control system steering process. In addition to the reviews conducted in the context of the certification of accounts, they verify each year the reliability of the results of the self-assessment campaign in respect of a portion of the framework, which varies from one year to another. Although the scope of this review is limited, this verification which applies to all of the Entities of the Rexel Group, associated with the more complete verifications conducted by the Internal Audit teams in respect of a more restricted number of Entities, allows the Rexel Group to strengthen the reliability of the self-assessments and harmonize practices.

2.3.5.4 Headquarters functional directions

The role of the functional directions concerning the actions implemented to manage risks is integrated in the internal control and risk management system. They rely on the answers to the self-assessment questionnaires and the audit reports prepared by Internal Audit teams to identify the need for transversal action in the Rexel Group. Each functional direction supports subsidiaries in the setting-up of action plans aiming at decreasing identified risks on subjects of their competence.

2.3.6 Internal control procedures relating to the preparation and treatment of accounting and financial information

2.3.6.1 Planning, steering and reporting activities

The planning, steering and reporting processes are organized by Entities, which may be countries, holdings or commercial entities whose activities are not related to the distribution of electrical equipment. The countries are grouped by geographic Zones. The Entities and geographic Zones each have their own management, operating management, and financial teams.

For each financial year, a budget is established at the Entity level and approved by the Entities and the related Zones operating Management, then subject to an open review with the Group Financial Control Department. The budget, consolidated at the level of the Rexel Group, is submitted for approval to the Supervisory Board of Rexel after review by the Strategic Committee. This process allows to focus the responsibility of the whole organization around the objectives of the Rexel Group and applies to all of the Entities included in the scope of consolidation of the Rexel Group for the previous financial year.

The monthly business reviews, which bring together the members of the Rexel Group's Management Board, the Group Financial Control Department, and the Management of the Zones, allows for the understanding of financial and economic changes with respect to activities, the assessment of operational decisions to be taken, the analysis of gaps between targets and performance, the steering of the financial structure and the monitoring of the implementation of action plans. The Management Board relies on monthly reporting, comments on observed changes and indicators of operational and financial performance. At the level of the Entities, Zones and Rexel Group, teams of financial controllers are responsible for monitoring the achievement of targets and the analysis of accounting and financial information.

Three times a year, forecasts for the current year are prepared and compared with budget targets in order to implement the necessary corrective actions. These forecasts include the usual items for the monitoring of the financial structure and of the Rexel Group activity, including the forecasting of key ratios defined in the financing agreements ("covenants").

The summaries of monthly business reviews as well as the forecasts are communicated to the members of the Supervisory Board.

Each year, a three-year strategic plan is prepared at the Entity level and validated by the relevant Zone management teams. Together, this is consolidated and reviewed at the Rexel Group level and is submitted to the approval of the Supervisory Board after review by the Strategic Committee.

The yearly, half-year and quarterly financial statements are presented to the Audit Committee.

2.3.6.2 Shared guidelines and procedures for the approval of financial statements

Rexel Group's financial statements are prepared in accordance with the IFRSs as adopted by the European Union and are based on information provided by the Financial Departments of the Entities. The latter are responsible for ensuring that this information is in accordance with Rexel Group standards (especially accounting methods and accounts structure, included in a Reporting Manual) and observance of the detailed instructions issued by the Financial and Administrative Department.

This data is transmitted by the Financial Departments of the Entities in a set format using a single consolidation tool that is used in preparing monthly reports and external financial information at each stage of consolidation: planning, budget, forecasting and monthly reporting. This single format guarantees consistency between the different data used for internal steering and external communication.

The Rexel Group's Financial and Administrative Department ensures the consistency of the inflow of information from Entities before aggregating the results and consolidation entries. It prepares detailed and documented analyses of such data, explaining, in particular, changes in the scope of consolidation, exchange rate impacts and non-recurring operations.

As mentioned in paragraph 2.3.3 "Control activities" of this *Document de Référence*, internal controls relating to accounting and financial information are part of the general internal control system.

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Corporate Responsibility

3

3.1 Social information

Relying on its leadership and its closeness to all stakeholders, the Rexel Group has always favored a sustainable and responsible business approach.

In 2013, the Rexel Group continued the development of the 4 main areas of the "sustainable development & corporate responsibility" programme: growth of energy efficiency & renewable energy solutions sales, reduction of the environmental footprint, consolidation of the commitment to employees and reinforcement of solidarity actions in favor of the communities in which the Rexel Group is present. All of the associated initiatives are strategic because they are one of the Rexel's Group vectors of growth and innovation, thereby contributing to the implementation of the *Energy in Motion* corporate plan.

Since 2011, the Rexel Group is a member of the United Nations Global Compact and is therefore committed to advance the ten universally accepted principles relating to human rights, labor standards, environment and the fight against corruption. As specified in its Ethics Guide, the Rexel Group complies with and promotes the provisions of the core conventions of the International Labor Organization in relation to the respect of freedom of association and the right of collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor.

3.1 Social information

Scope of Reporting: the scope of reporting covers the legally existing companies to which the Group's employees belong. Accordingly, any entity that holds Rexel Group employees shall be included in the annual reporting. Acquisitions integrated after the launch of the reporting (November 1, 2013) are excluded from the reporting exercise.

For the year 2013, Rexel adopted 4 key indicator groups that relate to important challenges for the Group in the area of human resources. These key indicators, which were subject to external review, are the following:

– the absenteeism rate,

– the number of employee departures, broken down by grounds,

– the frequency rate and severity rate of work related accidents;

– the percentage of employees who benefitted from an annual performance review.

3.1.1 Headcount

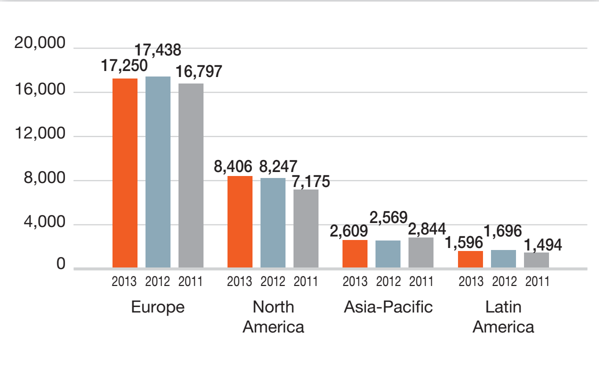
• Total number of employees (number of persons registered at December 31, 2013)

At December 31, 2013, the Rexel Group employed 29,861 persons, compared to 29,950 on December 31, 2012 and 28,310 on December 31, 2011.

The breakdown of employees by geographic zones as defined in paragraph 4.1 "General overview" of this *Document de Référence* is as follows:

	REGISTERED EMPLOYEES (NUMBER OF PERSONS) AS OF DECEMBER 31		
NUMBER OF EMPLOYEES	**2013**	**2012***	**2011***
Total number of employees	29,861	29,950	28,310
BY GEOGRAPHIC ZONE			
Europe	17,250	17,438	16,797
North America	8,406	8,247	7,175
Asia-Pacific	2,609	2,569	2,844
Latin America	1,596	1,696	1,494

* The total number of registered employees including external growth operations is considered as the total number of employees for all of the calculations.



• Headcount by type of contract and by position

The Rexel Group employs few fixed-term contracts and temporary employees. These types of contracts are mainly used to the extent made necessary by intermittent needs.

In 2013, the average monthly number of temporary workers in full-time equivalent was 942, *i.e.*, 3.5% of the average monthly total number of employees. This percentage stood at 3.4% in 2012.

As of December 31, 2013, 29,099 persons had open-ended contracts and 762 had fixed-term contracts (2.6% of the number of employees compared to 2.3% in 2012).

Finally, as of December 31, 2013, the Rexel Group had 5,196 managers (defined as persons having at least one employee under their responsibility, or all employees with "executive" status for France), *i.e.*, 17.4% of the total number of employees. This rate is down very slightly compared to 2012 (17.5%).

• Headcount by age range (registered employees under open-ended contracts)

As of December 31, 2013, the average age of all of the employees of the Rexel Group was 40.1 years old, against 40.2 years old as of December 31, 2012 and 40.1 years old as of December 31, 2011.

The most represented age range is the 35-50 year-old range (12,482 persons), after which comes the over 50 year-old range (8,161 persons).

Seniors (defined as the employees over 50 years of age) represented 27.3% of the total number of employees that are registered under open-ended contracts, up compared to 2012 (25.3%) and employees under 25 years of age represented 6.6%, stable compared to 2012 (6.6%).

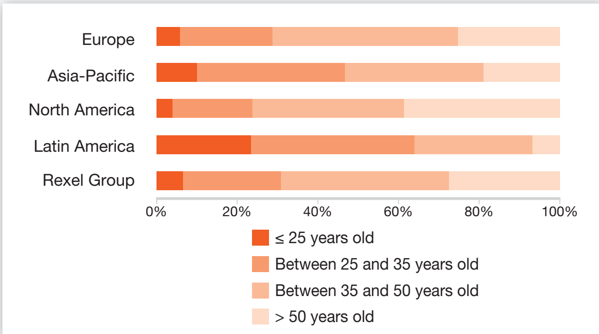
In addition to a monitoring of the number of employees by geographic zones, the Rexel Group analyzes the employee data according to the following local platforms:

– Latin America: Chile, Brazil, Peru;

– North America: Canada and the United States of America;

– Asia-Pacific: Australia, New Zealand, India, China and other countries of South East Asia;

– Europe: Germany, Austria, Belgium, Spain, Finland, France, Hungary, Ireland, Italy, Luxembourg, Norway, the Baltic States, The Netherlands, Poland, Czech Republic, United Kingdom, Russia, Slovakia, Slovenia, Sweden and Switzerland.



• Headcount by gender

The Rexel Group is committed, especially pursuant to its Ethics Guide (see paragraph 3.1.6 "Rexel's ethical commitment" of this *Document de Référence*), to ensuring equal treatment among employees (men or women) during each step of their professional career.

As of December 31, 2013, women represented 22.6% of the total number of employees (*i.e.*, 6,763 female employees), compared to 23.8% in 2012.

Among the 6,763 female employees of the Rexel Group, 885 occupied managerial positions, representing 17% of all managers. This proportion is stable (17% in 2012 and 16.7% in 2011).

Headcount by gender as of December 31, 2013

	MANAGERS		NON-MANAGERS	
	FEMALE	MALE	FEMALE	MALE
Rexel Group	**885 (17%)***	**4,311 (83%)***	**5,878 (23.8%)****	**18,787 (76.2%)****
Latin America	36 (22.4%)*	125 (77.6%)*	376 (26.2%)**	1,059 (73.8%)**
North America	380 (23.3%)*	1,254 (76.7%)*	1,615 (23.8%)**	5,157 (76.2%)**
Asia-Pacific	92 (17.3%)*	439 (82.7%)*	614 (29.5%)**	1,464 (70.5%)**
Europe	377 (13%)*	2,493 (87%)*	3,273 (23%)**	11,107 (77%)**

*In % of managers.
** In % of non-managers.

3.1.2 Employment and integration dynamics

3.1.2.1 Hires

During 2013, the Rexel Group hired 4,394 employees, irrespective of their type of contract and status.

The number of hires in 2013 is up compared to 2012 (4,003 hires in 2012 and and 4,591 hires in 2011).

The total number of hires represented 14.7% of the Rexel Group's total number of employees (compared to 13.8% in 2012).

Number and characteristics of recruitments

	2013
Number of recruitments	**4,394**
Including:	
– Open-ended contracts	3,721 (84.7%)
– Fixed-term contracts	673 (15.3%)
– Managers	350 (7.9%)
– Non-managers	4,044 (92.1%)

Similarly to previous financial years, newly hired employees have been in majority non-managers, hired on an open-ended basis.

Of all recruitments under open-ended contracts, irrespective of gender or position:

- 7.6% of the hires were young graduate employees just out of school;
- 12% of the hires were senior employees;
- 0.2% of the hires were employees reporting a handicap.

Finally, the estimate of the average time necessary to fill a vacant position increased in 2013 with 45.9 days compared to 40.3 days in 2012.

The Rexel Group sets up numerous measures in its various countries in order to improve the integration of new employees and reduce turnover within such staff category (depending on the country: presentation of the company, distribution of a welcome booklet, setting-up of tutorial systems, regular follow-up interviews, technical, product or organization training, rotation between departments, dedicated web site, integration seminar, etc.).

3.1.2.2 Departures

In 2013, 4,648 employees with open-ended contracts left the Rexel Group (compared to 4,541 in 2012).

The reasons for their departure is set forth below.

Reasons for departures of employees (with open-ended contracts) in 2013

	NUMBER	PERCENTAGE
Number of departures	**4,648**	**16% of the staff with open-ended contracts**
Including:		
– Resignations	2,502	53.8%
– Redundancies (Economic layoffs)	641	13.8%
– Layoffs for other reasons	833	17.9%
– Departures by retirement or pre-retirement	220	4.7%
– Cessation and/or sale of activity	61	1.4%
– Other departures	391	8.4%

• Collective Procedures

In 2013, redundancies within the Rexel Group involved 641 employees compared to 703 in 2012.

The major reorganizations took place in Brazil, in Czech Republic, in France and in the United Kingdom and those initiated in 2012 in Germany and in The Netherlands were continued.

Alternatives to layoffs were set up such as a internal reclassifications in Germany, in The Netherlands and in the United Kingdom.

These measures had the effect of limiting the number of employee departures.

In addition, and to the extent possible, reorganizations were discussed with staff representatives, providing the employees concerned with supporting measures, including outplacements, financial compensation and internal mobility assistance.

• Employee turnover

The turnover rate is defined as the average of the entry rate and the departure rate:

– The entry rate: defined as the total number of hires with open-ended contracts divided by the total number of employees with open-ended contracts;

– The departure rate: defined as the total number of departures of employees with open-ended contracts divided by the total number of employees with open-ended contracts.

In 2013, the entry rate within the Rexel Group was 12.8%.

In 2013, the departure rate of the employees of the Rexel Group was 16%.

Thus, for 2013, the Rexel Group's turnover was 14.4%.

Rexel Group turnover at December 31

	2013	2012
Rexel Group turnover	14.4%	14.0%

The Rexel Group's turnover has slightly increased.

Aware of the importance of its employee turnover, the Rexel Group analyzes the reasons for the departures of its employees and the evolution of the rate of integration of new hires.

3.1.2.3 Staff retention capacity

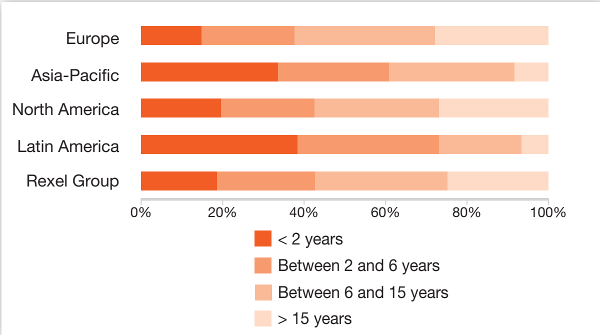
• Integration rate

The rate of integration of new hires (defined as the rate of employees newly hired who are still in the Group three months after their recruitment) stood at 89.2% in 2013 compared to 85.8% in 2012 and 88% in 2011.

The medium-term rate of integration (defined as the rate of employees newly hired who are still with the Group one year after their recruitment) stood at 74.5% in 2013 compared to 72.1% in 2012

• Headcount with open-ended contracts by seniority

As of December 31, 2013, the average seniority of the Rexel Group's employees with open-ended contracts was 10 years.



Traditionally, substantial variations are noted, with respect to seniority, based on geographic zones: the renewal of employees is much more rapid in the Asia-Pacific region (63.8% of the employees of the Rexel Group have less than 6 years of seniority) whereas in Europe, employees with more than 15 years of seniority represent 28.3% of the total number of employees in this zone.

• Integration of employees joining the Rexel Group further to acquisitions

The Rexel Group attaches great importance to the successful integration of the employees of newly-acquired companies, and has included three questions specifically intended for these employees in its opinion survey of 29,500 employees, Satisfaxion13, which was completed in March 2013. These questions relate to the manner in which integration had been planned, communicated and implemented. These indicators will from now on be used in each survey.

3.1.3 Attractiveness of the company for employees

3.1.3.1 Compensation policy

The policy for compensation is based on the business's performance and income. The levels of compensation are set for each country in order to satisfy two requirements: competitiveness of proposed compensation and internal equality. Almost 53.7% of Rexel Group employees with open-ended contracts are eligible for individual variable compensation. The primary positions covered are sales positions and employees with supervisory responsibilities.

Finally, almost half of the employees of the Rexel Group are eligible for an incentive plan based on collective results.

- Employee shareholding

At the time of the initial public offering of the Rexel Group, its employees were offered the opportunity to purchase shares in the company as part of a reserved offering, on preferred terms: 18.33% of eligible employees had subscribed during this plan carried out in 2007.

As the intention of management is to continue associating the employees to the performance of the Rexel Group, three new employee shareholding plan were offered in 2010, 2012 and 2013. The 2010 employee shareholding plan was proposed in 12 countries, *i.e.*, 80% of employees and recorded a 13.20% participation rate. The 2012 employee shareholding plan was proposed in 16 countries, *i.e.* 90% of employees, and recorded a 14.36% participation rate. The 2013 shareholding plan was proposed in 15 countries, *i.e.*, 80% of employees, and recorded a 14.47% global participation rate and higher rates in respect of Canada, China and France.

As at December 31, 2013, the number of shares held by employees and former employees in connection with employee shareholding plans amounted to 0.47% of the share capital and voting rights of Rexel.

- Benefits

With respect to welfare coverage, there is no practice common to all of the countries.

In the majority of the countries in which the Rexel Group operates, supplementary health and life insurance benefits are offered to employees in addition to mandatory coverage provided by law. Subscribing to these complementary plans is voluntary or obligatory depending on the country, and in most cases concerns all of the employees.

In addition, and depending on local legislations, certain Group entities set up additional retirement schemes in favor of their employees.

Lastly, the Rexel Group has established minimum coverage for accidents in the business activity, through the "Rexel +" scheme.

This scheme provides for an indemnification equal to one or two years of annual base compensation in the event of death or severe permanent disability.

This scheme, which was launched on July 1, 2010 and which is managed on a local level, reflects Rexel's continued commitment in terms of corporate social responsibility. At December 31, 2013, the scheme was applied in 9 countries, allowing for almost 4,700 employees to be covered.

- Other benefits

Moreover, some benefits or services are often granted to employees, in addition to mandatory benefits. They are either negotiated as part of collective agreements or granted unilaterally and concern in particular housing allowances, meal and/or transportation indemnities, concierge services, participation in child care, family leave, medical or legal assistance services.

3.1.3.2 Organization of working hours

- Length and allocation of working hours

The working time length varies depending on the regulations applicable in the countries in which the Rexel Group operates.

On average in the Rexel Group, employees work 39.5 hours per week, *i.e.*, almost 8 hours per day.

Use of part-timers

	2013	2012	2011
% of part-time employees	3.5%	3.6%	3.6%

- Use of part-time labour

The number of persons employed on a part-time basis with the Rexel Group was 1,049 as of December 31, 2013, *i.e.*, 3.5% of the total number of employees.

• Overtime

In its management of its employees' working hours, the Rexel Group makes little use of overtime: 570,010 overtime hours were worked during 2013 by all of the employees of the Rexel Group, *i.e.*, 1% of the annual number of hours worked (compared to 534,284 overtime hours in 2012, *i.e.*, 1% of the total number of hours worked for the year).

Due to the core business of the Rexel Group, certain entities of the Group apply atypical working hours in their distribution centers, with ou without rotation, as 6.00 am-1.30 pm, 12.30 pm – 8.00 pm or 1.00 pm – 10.00 pm.

3.1.3.3 Working conditions

• Health and safety

The Rexel Group has always paid particular attention to the safety conditions of its employees and assets in every country and for every business.

As workplace hygiene, health and safety themes are specific to local environments, each country autonomously manages the risks inherent in their activities at their own scale.

• Number of work related accidents

However, at the Rexel Group level, numerous indicators are tracked and analyzed in order to define adapted action plans.

	2013	2012	2011
Number of accidents resulting in death	0	–	2
Number of accidents resulting in medical leave	312	379	444
Number of accidents not resulting in medical leave	529	535	512

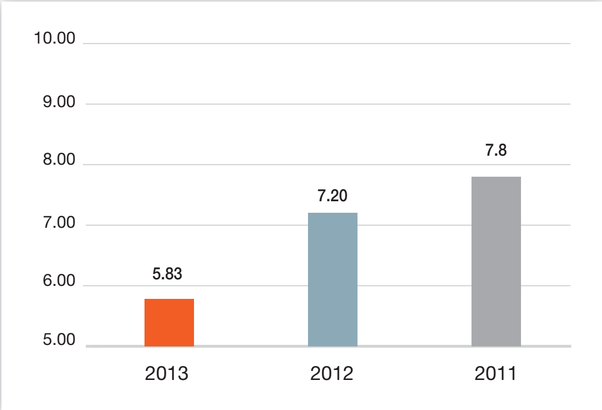
In 2013, 841 work related accidents have been identified within the Rexel Group: none resulted in the death of employees, 312 resulted in medical leave and 529 did not result in medical leave.

The number of working days lost as a result of work related accidents was 7,524 in 2013.

Work related accidents which resulted in medical leave mainly related to the logistical function (62%) as well as the commercial/sale function (26%).

With respect to health and safety conditions, in addition to the measures taken for several years (risk identification (for the Rexel Group, the main risks relate to road traffic, falls, machinery operation, handling, handling of cables and computer work), regular medical check-ups for employees and frequently renewed awareness actions), additional initiatives are gradually put in place: quantitative monitoring of incidents with a systematic enquiry, use of external advisers' services, regular renewal of certifications, internal audits, creation of a function dedicated to these issues, etc.

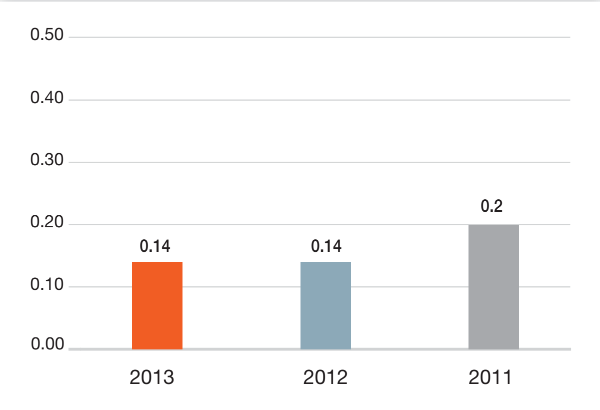
• Frequency rate



The frequency rate of work related accidents within the Rexel Group, calculated as the number of work related accidents which resulted in a medical leave per one million working hours, was 5.83 in 2013.

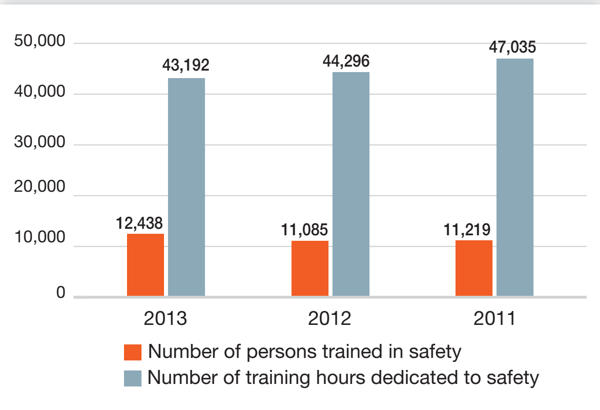
This rate has decreased compared to 2012 and 2011 (7.20 and 7.8, respectively).

- Severity rate



The severity rate of work related accidents within the Rexel Group, defined as the number of working days lost as a result of a temporary work incapacity, for 1,000 working hours, was of 0.14 in 2013, as in 2012.

- Safety training



The number of persons trained in safety stood at 41.7% of the total headcount in 2013 (*i.e.*, 12,438 employees). The number of training hours stood at 43,192 hours in 2013 compared to 44,296 hours in 2012 and 47,035 hours in 2011.

In 2013, there were 95 Hygiene, Safety and Working Conditions Committees ("CHSCT") within the Rexel Group. 514 employees were involved, representing 1.8% of the total workforce with open-ended contracts.

- Occupational diseases

In 2013, 11 cases of occupational diseases were reported and 6 were recognized.

3.1.3.4 Diversity / Equal opportunities

The Ethics Guide defines the principles that the Rexel Group defends and respects as concerns economic, environmental and social commitments. It is made up of seven general principles and twenty practices, including the "dignity and respect of people" practice.

One of the basic principles of the Ethics Guide is the exclusion of discrimination of any kind, as well as the equality of opportunities for all.

- Male-female equality

Especially as set forth in its Ethics Guide, the Rexel Group is committed to ensuring the equal treatment of men and women in every respect: hiring, compensation, career opportunities, training, etc.

As of December 31, 2013, women represented 22.6% of the total headcount compared to 23.8% in 2012. This percentage, which has slightly decreased, is nevertheless in line with the reality of the market and the low level of female workforces in the specialized distribution sector.

2013 labor indicators show non-material differences in relation to the following aspects:

– Promotion

  In 2013, 3.6% of female employees were promoted, compared to 4.5% of male employees.

  44 non-manager female employees were promoted to manager (*i.e.*, 0.7% of non-manager female employees). In the male employee population, the rate was slightly higher (257 men, *i.e.*, 1.1% of non-manager male employees).

– Salary increases

  55.3% of male Rexel Group employees had their base salary increased in 2013, compared to 63.9% of female Rexel Group employees.

– Training

  In 2013, 20.5% of employees receiving training were female whereas they represented 22.6% of the total workforce, and 79.5% were male whereas they represented 77.4% of the total workforce of the Rexel Group.

- Handicapped employees

In 2013, the Rexel Group employed 261 people reporting a handicap, *i.e.*, about 0.9% of its total headcount, representing no significant change compared to 2012 (0.8%).

Handicapped employees accounted for 0.2% of total hires with open-ended contracts as of December 31, 2013.

- Senior employees

Within the Rexel Group, “senior” employees (as defined in paragraph 3.1.1 “Number of employees and analysis of workforce” of this *Document de Référence*):

– represented 27.3% of the total headcount with open-ended contracts in 2013;

– represented 12% of new open-ended hires in 2013;

– had, in 2013, their base salary increased for 56.9% of them, compared to an average for the Rexel Group of 55.8%.

3.1.4 Training and skills management

In 2013, the overall number of people trained increased, amounting to 17,251 compared to 16,962 in 2012. The number of training hours also rose from 271,750 hours as at December 31, 2012 to 281,658 as at December 31, 2013.

Lastly, the average number of training hours per employee trained in 2013 amounted to 16.34 hours.

Total number of training hours and training expenses

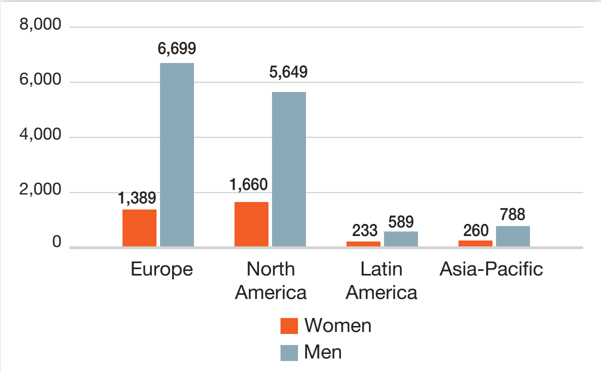
	2013		2012	
	TOTAL NUMBER OF PERSONS TRAINED	TOTAL NUMBER OF TRAINING HOURS	TOTAL NUMBER OF PERSONS TRAINED	TOTAL NUMBER OF TRAINING HOURS
Group	17,251	281,658	16,962	271,750
Europe	8,072	152,531	10,026	139,920
North America	7,309	100,343	5,176	46,522
Latin America	822	11,490	564	66,956
Asia-Pacific	1,048	17,294	1,196	18,352

Training programs offered to employees are thus adapted based on the position, skills, development outlook, local requirements as well as personal and collective goals.

In 2013, the Rexel employees followed numerous training programs in relation to various aspects of their activities: health and safety, management, sales, commercial skills, logistics, administration, IT, personal development, e-commerce, project management, etc.

In addition to these recurrent sessions, numerous training sessions are organized in order to support the Group’s strategy and the development of its employees towards additional services, new technologies, all with a view to achieving energy efficiency. The following programs can be cited for 2013: industrial automation, home automation, KNX, customer service, Rexel values, etc.

- Training by gender (headcount)



In 2013, 20.5% out of the people trained were women and 79.5% were men.

- Training by position (headcount)

In 2013, 20% out of the 17,251 people trained were managers and 80% were non-managerial employees.

- Performance evaluation

For several years, the Rexel Group has implemented a strong policy in order to standardize the practice of an annual and formalized performance evaluation for all of its employees.

In 2013, most of the entities organized an annual session of formalized individual performance evaluations, conducted in favor of 18,570 employees in total.

	2013	2012	2011
Number of employees having received a performance assessment	18,570	18,886	18,850
% of employees assessed as compared to total workforce	62.2%	65.6%	66.6%

- Promotions

In 2013, 1,258 employees with open-ended contracts had been promoted to a higher position, *i.e.*, approximately 4.3% of the total number of employees of the Rexel Group. This percentage marks an increase compared to 2012, when 3.7% of employees under open-ended contracts had been promoted.

Amongst these 1,258 employees, 24% were non-managers who became managers.

3.1.5 Employee engagement

3.1.5.1 Satisfaxion13 employee opinion survey

In 2013, the Rexel Group completed its fourth opinion survey of more than 29,500 employees of the Group, *i.e.* 98% of the staff as of December 31, 2012. The survey participation rate stood at 62%.

The results of this survey show an increasing degree of engagement compared to the previous survey, which was completed in 2011. The engagement index of the Rexel Group employees stands at 62% in 2013. This index is established on the basis of specific questions in relation to three topic categories addressed by the survey: engagement, enablement and well-being.

The results show, *inter alia*:

- That 80% of participants consider their work gives them a sense of personal accomplishment,
- That 89% of the participants fully apply their skills and abilities in their work, and
- That 73% of participants have the necessary equipment/resources/tools to do their job effectively.

- Employee adherence to the *Energy in Motion* corporate project

In 2012, the Rexel Group set up a new corporate project, *Energy in Motion* (see paragraph 1.4.4 “Strategy of the Rexel Group” of this *Document de Référence*). Satisfaxion13 also provided an opportunity to measure the employees’ knowledge, understanding of and adherence to this strategy.

The results of this survey show that 76% of participants have a clear understanding of the objectives defined in the *Energy in Motion* strategy. In addition, 90% of participants declare that they fully support the ambitions and objectives of their company.

3.1.5.2 Absenteeism

	2013	2012	2011
Absenteeism rate	4.5%	3.8%	2.8%

The average absenteeism rate of the Rexel Group was 4.5% in 2103, *i.e.* a higher rate compared to the 2012 rate [(1)].

The number of days lost due to illness stands at 189,895 for 2013.

In 2013, this absenteeism rate was structurally variable depending on geographic zones: higher in Europe (6.2%) and lower in Asia-Pacific and North America (3% and 2%, respectively).

The Rexel Group implements specific measures to reduce the absenteeism. These actions include in particular a specific monitoring by dedicated human resources managers, the setting-up of regular reporting, consultation and training, regular medical check-ups and awareness campaigns, the indexing of bonuses to employee presence, improvement of work positions or hours and return to work assessments.

3.1.5.3 Labor relations

- Employee representation

The Rexel Group attaches great importance to the freedom of expression and representation of its employees. This principle is included in the Ethics Guide which is applicable in every country in which the Rexel Group is established.

(1) The increase in the absenteeism rate between 2012 et 2013 owes to a change in the calculation method of days lost in the methodology note included in paragraph 3.1.7 “Methodology note” of this *Document de Référence*.

The Rexel Group maintains an ongoing dialog with the employee representative organizations.

Employee representation at the Rexel Group is such that:

- 1,211 employees are involved with representative bodies, which represents 4.1% of the Rexel Group's total workforce with open-ended contracts;
- 238 employees have been appointed as representatives to a trade union, which represents about 0.8% of the Rexel Group's total workforce with open-ended contracts.

• European Works Council

Created in December 2005, the European Works Council is a platform for exchange and information which represents the Rexel Group's employees within the European Union.

In 2013, the Council continued to be regularly informed of the various projects and reorganizations conducted locally.

Furthermore, in addition to the publication of the Rexel Group's financial results, the Council was also informed of other matters relating to the Group such as news on businesses and financing.

The results at the Rexel Group level of the employee opinion survey, Satisfaxion13, have been presented to the Council which participated in a workshop on three improvement axis relating to the 6 values of the Rexel Group, to non financial recognition and to training. The contribution of the Council has been shared with all the subsidiaries.

• Collective bargaining agreements

In 2013, 115 collective agreements were negotiated and entered into between employee representatives and the Rexel Group.

These agreements were for the most part entered into in France, Spain and Brazil and related to health and safety (8 agreements), gender equality, employee expression, sharing in the results of the company, wages, profit-sharing.

• Profit-sharing and incentive agreements in France

As at December 31, 2013, the employees of Rexel France, Rexel Développement, Conectis and Dismo benefit from an incentive agreement the calculation criteria of which are specific to each of these subsidiaries.

Profit-sharing agreements applicable at the level of the relevant French subsidiaries apply the provisions of the French Labor Code.

• Industrial actions

In 2013, the total number of hours of strike amounted to 483 hours, the relevant countries being Belgium (435 hours, national strike), France and Italy.

3.1.6 Ethical commitment of the Rexel Group

Since 2007, the Rexel Group has been committed to an ethics approach based on the development of behaviors and actions that conform to its ethical principles.

This initiative has resulted in the creation of an Ethics Guide which was distributed to all Rexel Group employees. This Guide is applicable in every country in which the Rexel Group operates. It concerns every employee and was created to become a reference for everyone in the Rexel Group in the context of potentially delicate professional situations by clearly establishing shared customs. It was updated in 2009 and in 2013 in order to reflect the Rexel Group's growing commitment to ethics, notably with the signing of the Global Compact in 2011 and the *Energy in Motion* corporate strategy.

The Guide sets forth the principles that the Rexel Group defends and respects with regard to the economy, the environment and the human being. It is made up of seven general principles and twenty Rexel practices.

To guide the Rexel Group ethics approach, a network of "ethics correspondents" was created. These correspondents are appointed by the General Manager of each country and carry out these duties in addition to their usual duties. They ensure the dissemination of the Ethics Guide to all employees, take any required initiatives to implement the Rexel Group's ethics principles and practices and answer questions which may be sent to them. They may be contacted on an anonymous basis by e-mail by any person, whether or not they are employees, wishing to ask a question or highlight a specific issue.

The table below summarizes the requests received in 2012 by all of the ethics correspondents based on their type, author, subject and geographical area where the requests were made.

		NUMBER OF REQUESTS MADE TO THE ETHICS CORRESPONDENT
Type of request	Information	15
	Complaint	32
	Dispute	2
	Others	6
Author of request	Customers	13
	Rexel employees	32
	Suppliers	0
	Local authorities	2
	Employee representatives, unions	0
	Anonymous	7
	Others	1
Subject matter of the request	Customer relations	10
	Supplier relations	2
	Relations between employees	13
	Discrimination	8
	Work conditions	8
	Anti-corruption action	0
	Action against fraud and theft	13
	Environmental protection	1
Type of action taken	Preventive	9
	Corrective	40
Geographic area	Europe	5
	North America	36
	Latin America	1
	Asia-Pacific	13

55 ethics cases were thus brought to the attention of a Rexel Group ethics correspondent in 2013: the majority was identified in North America and 23% related to relationships between employees.

All cases were processed, verified (by audits or investigations undertaken by Management in the country in question) and treated with preventative action (9 cases) and/or corrective action (40 cases) depending on the situation. The remaining cases are still in the process of being investigated or settled.

3.1.7 Methodology Note

The social reporting perimeter includes all the legal entities which are consolidated in the financial perimeter under the global integration method and whose number of employees is not null. In case of acquisition or creation of new entities, the inclusion in the reporting perimeter is effective:

– As from the year of acquisition, if the creation or the acquisition occurs prior to November 1 (inclusive), or

– As from January 1 of the following year, if the creation or the acquisition occurs after November 1.

In case of sale of entities or businesses, the exit of the perimeter is immediately effective.

Exceptions to these rules have been applied by the Rexel Group in respect of the 2013 reporting: three companies acquired by Rexel in 2012, Distodiag, Enerlogy and SBEM, owing to their very low headcount (7, 7 and 6 employees, respectively), representing 0.07% of the Rexel Group's overall headcount. In addition, the Gexpro Italy entity, which has 20 employees, representing 0.07% of the Rexel Group's overall headcount, has not been able to timely produce reliable data and is also excluded from the reporting perimeter.

The collection and consolidation of social indicators are made through the "Enablon" software, to which all the reporting entities have access.

It is to be noted that:

– Recorded headcount is defined as the number of employees that have an employment contract with the company (open-ended or fixed term), that are recorded in the payroll as at 31/12, regardless of their rate of activity (full-time, part-time). Employees whose contract has been suspended pending their return to work (parental leave, sabbatical leave, start-up leave, etc.) are included in the reported headcount,

  The following are not included:

  • Trainees, whether or not remunerated;
  • Temporary staff;
  • Sub-contractors;
  • End-of-service employees (pre-retired or prepensioned employees or employees on anticipated departure leave, with ongoing employment contracts until their actual retirement);
  • International Volunteers Abroad (VIE);

– Staff entries are reported according to the reason for their entry:

  • External hires (under open-ended or fixed-term contracts), regardless of the rate of activity (full-time, part-time);
  • Entries further to acquisitions of new entities;
  • Other entries, such as group mobility (internal reassignments of staff with open-ended contracts, from one entity/company to another within the Rexel Group);

  The following are not included:

  • Promotions;

- Changes of position or status (executive/non-executive) within a given entity;
- Hires of trainees and temporary staff;
- Hires of International Volunteers Abroad (VIE).

– In countries where the open-ended contracts are not a standard practice (for instance, in the United States of America and China), the definition of open-ended contracts includes any employee who has not been hired for a specific project with a pre-determined ending date;

– The absenteeism rate is calculated in accordance with the protocol on the basis of the total number of days of absence (irrespective of the reasons for the absence) and the theoretical number of annual working days. In 2013, the number of days of absence has been expressed in calendar days for the whole reporting perimeter (by applying estimative adjustments in certain countries), whereas certain countries had expressed this value in working days in preceding fiscal years. This change in the method, effected with a view to harmonizing practices for the whole perimeter, contributed to the increase acknowledged in 2013;

– The absenteeism rate is calculated in accordance with the protocol from the total number absence days (all types of absences combined) and of the annual number of theoretical working days. In 2013, the number of absence days was expressed in calendar days for the whole scope of reporting (having use of estimate corrections in some countries), while some countries had expressed this value in working days during the previous years. This change of method, made to harmonize the practices on the whole scope, contributes to the increase noticed in 2013;

– The frequency rate, as calculated, only takes into account workplace accidents resulting in at least one working day lost (excluding the day of the workplace accident);

– The severity rate calculation is based on days lost with sick leave and on the number of worked hours. As for the absenteeism rate and in order to harmonize the practices thoughout the reporting scope, estimative adjustments have been applied in some countries, allowing the calculation of days lost in calendar days. The number of worked hours corresponds to the actual work duration during which employees are exposed to a risk of accident;

– Calculation rules of the number of working days lost as a result of workplace accidents take into account local laws, which are different and which may vary from that defined in the HR reporting system.

3.2 Information regarding community and social commitment

The Rexel Group's model is based on joint value creation with all of the stakeholders, customers, business partners, communities, employees and shareholders.

Due to the specific nature of its business, the wideness of its network and the cultural diversity of its employees, the Rexel Group has to take into account society issues in the determination and implementation of its development strategy.

3.2.1 Relationships with the stakeholders

Rexel believes that the exercise of its corporate responsibility implies giving consideration to the expectations of its ecosystem. In order to ensure the long-term viability of its development and that its projects are well accepted, Rexel has identified then prioritized its stakeholders depending on their relationships with its business, and set up a dialogue with the stakeholders both at the level of the Rexel Group and at the level of its subsidiaries:

• Employees and their representative bodies

The satisfaction and well being of its employees is a major concern for the Rexel Group. To this effect, it develops dedicated listening and dialogue mechanisms with all of its employees. For example, in 2013 the Group conducted its fifth commitment survey, called Satisfaxion13, towards 99% of the total headcount, *i.e.* close to 29,000 employees. In addition, 115 new collective agreements were signed in 2013 within the Rexel Group entities worldwide (see paragraph 3.1 "Rexel Group Staff" of this *Document de Référence*).

• Customers

Rexel's mission is to support customers around the globe, wherever they are, to create value and run their business better. To this end, the Rexel Group has set up various information, dialogue and listening mechanisms for its customers, such as commercial initiatives, satisfaction surveys and training sessions in the area of public aid for energy efficiency, new home automation technologies, renewable energies, etc. (see paragraph 1.4.2 "Professional distribution of low voltage and low current electrical equipment" of this *Document de Référence*).

• Suppliers and sub-contractors

The Rexel Group maintains mutually beneficial relationships with its suppliers and sub-contractors: they are essential partners of its business and of its growth, and the Rexel Group supports their performance by accompanying their international development and supporting their business (including local companies such as installers, transporters, etc.) development. Rexel therefore strives to create a constructive dialogue with its suppliers and sub-contractors and to establish long-term and balanced relationships, in accordance with social and environmental challenges.

The Rexel Group requires all of its suppliers and sub-contractors to comply with the principles presented in its Ethics Guide and, from a contractual standpoint, to comply with its general purchase conditions which contain, in particular, clauses requiring compliance with the core conventions of the International Labor Organization and local legislation, in particular with regards to minimum wages, working hours, environment, health and safety.

In 2013, in order to ensure that these principles and the ethics and environmental contractual provisions were effectively applied, audits were carried out on the suppliers sites by Rexel Group entities and simultaneously the Rexel Group launched a pilot project that is aimed at appreciating CSR (Corporate Social Responsibility) performance of its suppliers through a shared assessment platform. The Rexel Group will consider whether to pursue a global roll-out on the basis of the results of this initial step.

Beyond commercial relationships, the Rexel Group sets up solidarity initiatives with certain of its suppliers in order to promote access to energy efficiency for all. These initiatives are promoted by the Rexel Foundation for the improvement of energy efficiency launched in June 2013 (see paragraph 3.2.3 "Charity and patronage").

• Trade associations and universities

Rexel participates in trade associations such as FGME, NEAD, EUEW, in order to discuss, share and promote changes to the practices of the trade. In order to achieve transparency and progress, the Rexel Group is also involved in various research projects and publications so as to interact with its stakeholders and also to facilitate the sharing of experience, such as, for example, with the Université Paris-Dauphine or the EpE *(association Entreprises pour l'Environnement)*. In addition, the Rexel Foundation devotes part of its resources to supporting academic research programs by granting scholarships to students at the beginning of their professional career who work on the desirable behavioral changes in order to foster energy efficiency, on energy storage and microgeneration as well as on innovative equipments in the area of home appliances, control, heating, ventilation, etc.

• Shareholders, investors and rating agencies

The Rexel Group provides transparent information on its results, initiatives and priorities in relation to sustainable development to the various players (shareholders, investors, rating agencies). These exchanges may be occasional or recurring, depending on the relevant players and the events affecting the life of the Group.

Rexel is part of the following socially responsible investment indexes (SRI): FTSE4 Good Europe & Global, STOXX Europe Sustainability, EURO STOXX Sustainability, Euronext Vigeo Europe 120, ESI Excellence Europe and, since September 2013, Dow Jones Sustainability Index Europe. The company is also listed in the Ethibel EXCELLENCE Investment Register.

In addition, since 2011, the Rexel Group reports on its greenhouse gas emissions to the Carbon Disclosure Project (CDP), an independent, not-for-profit organization which assesses the carbon performance of large companies and their climate change strategy on behalf of more than 700 institutional investors.

3.2.2 Impact on the social and economic development of the territories

As one of the global leaders in the professional distribution market, the Rexel Group contributes to structuring and developing its business sector in all regions where it is present in order to always bring higher value to its stakeholders. This approach relies on the consideration of regional particularities in the determination of its strategy, the constant pursuit of operating efficiency, the optimization of means used and the dissemination of innovative energy management and renewable energy solutions.

Thanks to its global presence and local foothold (a network of approximately 2,300 branches in 38 countries), the Rexel Group largely contributes to the development and economic activity in regions where it operates, in particular by:

- directly supporting its professional customers' growth worldwide,
- spreading innovation through its services, its solutions and the constant renewal of its product offering,
- contributing to the financing of local public policies through taxes and levies paid,
- employing almost entirely local labor (the Rexel Group employs close to 30,000 employees in total),

– securing new outlets and access to new markets for its partners, international suppliers as well as local small and medium-sized companies (installers, transporters, etc.), and
– participating in the training of professionals and students in partnership with schools and universities.

The activity and the profitability of the Group benefit to all of the stakeholders. The major part of the value created is therefore directly transferred to its employees, to the public authorities and local governments of the areas where the Rexel Group is present.

The economic relationship of the Rexel Group with its principal stakeholders

In 2013, the Rexel Group purchased products from its suppliers for an amount of €9,823 million and generated associated sales with its clients in an amount of €13,012 million. Employees payroll and contributions accounted for €1,519 million. The Rexel Group paid a total of €872 million to its lessors, its sub-contractors and its other suppliers for the purchase of services and consumables. Its financial partners (banks and bonds investors) received €214 million. Dividends paid to its shareholders in 2013, in respect of 2012, totaled to €203 million. Finally, the Rexel Group paid €97 million, as company taxes, to the states in which it is present.

3.2.3 Charity and patronage

In line with its corporate mission, the Rexel Group is developing a community involvement program, which involves various initiatives in connection with the struggle against fuel poverty.

To structure this action, the Rexel Group in 2012 published a community involvement Charter and a Guide, with a specific area of commitment: "promoting access to energy efficiency for all". Through this, the intention of the Rexel Group is to act in favor of a better usage and an optimized consumption of energy, by making its skills, tools and structures in the field of energy management available to society. In 2013, the Rexel Group created its Foundation for a better energy future in order to accelerate and boost community initiatives through a threefold intervention plan:

– Develop knowledge and raise awareness on the topic of energy efficiency.
– Encourage innovation through research programs and educational projects.
– Support general interest solidarity projects with NGOs, social entrepreneurs or Foundations.

The Foundation has conducted various initiatives to foster energy efficiency access for all, in partnership with Rexel Group subsidiaries as well as various organizations:

– Rexel France and the Rexel Foundation have partnered with Ashoka to reward social entrepreneurship initiatives in the area of energy efficiency in France and in Belgium, through a program called IMPACT. 9 selected organizations have benefitted from professional training and individual assistance during a period of 6 months to help them structure their business model and strengthen their impact.
– Rexel Chili, the Rexel Foundation and the Schneider Electric Foundation have joined forces to support professional training of disadvantaged young people in the town of Lebu in Chile, in the areas of electricity and automation. The funds provided have been used to renovate the technical equipment of the training center laboratories and to finance scholarships for new students.

– In partnership with HEC, the Rexel Foundation supports a doctoral thesis on the dissemination of sustainable energy supply devices, ranging from strategy to operational implementation and also covering public support policies. The essay will provide a theoretical overview of the behavior of the industry players (manufacturer, distributor, producer, regulator) as well as of the decision process dynamics.

To complete and strengthen this global approach, the subsidiaries and employees of the Rexel Group developed numerous local patronage and charity initiatives:

– Mobilization against cancer and other illnesses: sponsoring of the Swedish Cancer Society and of the BarnCancer Foundation in Sweden; renewal of its participation to the Alpe d'HuZes race for the Dutch Cancer Fund in The Netherlands; supporting the EEIBA, the association of electrical and electronics industries volunteers in the United Kingdom; contribution from the Slovakian subsidiary Hagard:Hal to the construction of a hospital in Kenya; donation to the Foundation against Cancer in Belgium;

– Supporting education and children: creation of an energy savings awareness program for primary schools in Brazil in partnership with the NGO Fe y Alegria; continuation of the partnership with SOS Villages d'enfants in Germany; contribution from the Rexel Group subsidiary in Ireland to the Niall Mellon Township Project; collection of toys for unfavored children in Portugal.

Numerous Rexel Group entities have also supported collective and solidarity initiatives by offering products and equipment, free of charge.

The overall amount of donations by the Rexel Group, including funds provided by the Rexel Foundation, amounted to €532,000 in 2012 and €527,000 in 2013.

3.3 Environmental information

3.3.1 Environmental policy of the Rexel Group

3.3.1.1 Environmental responsibility

Owing to its geographical presence and activity, the Rexel Group has a double environmental responsibility:

– On the one hand, as an international company with operations in numerous territories, that manages infrastructures and creates logistical flows, the Rexel Group has a diffuse environmental footprint on the ecosystems in which it operates (consumption of resources, generation of waste, direct and indirect emissions);

– On the other hand, by developing and selling energy management solutions, the Rexel Group plays a substantial prescriber role and therefore contributes to improving the environmental performance of buildings and industrial facilities throughout the world.

The Rexel Group's environmental policy, defined by the Sustainable Development Department, is thus built around two main lines of action:

• The environmental performance of operations

This line of work aims at reducing the environmental impact of the activities and of the infrastructures of the Rexel Group, while maintaining, if not improving, the organization's operational efficiency. It covers, on the one hand, the impacts related to the core distributor business (selecting products, transporting them and, where necessary, taking them back) and, on the other hand, the impacts generated by the operation of the sites (energy, water, etc.).

Although these impacts are relatively low compared to those of industrial producers, the Rexel Group subsidiaries strive to reduce them by actions aimed at:

– controlling the consumption of natural resources, particularly energy, water, paper and packaging material;

– collecting and recycling the waste generated by its operations as well as its customers' specific waste; and

– reducing greenhouse gas emissions by, *inter alia*, taking action in relation to transportation and to the energy performance of its premises (administrative headquarters, branches, logistics hubs, etc.), in order to tackle climate change.

• The development of the energy efficiency and renewable energy solutions offer

This line of policy aims at supporting the development and the spread of eco-efficient electrical solutions and renewable energy solutions on the industrial, residential and commercial markets. This commitment is a major pillar of sustainable growth in the *Energy in Motion* company plan launched in June 2012.

Thus, the Rexel Group banners develop a broad range of innovative and efficient products and services that are suited to their customers' energy challenges.

To promote these solutions and encourage installers and industrial customers to adopt them, they have developed awareness, information and marketing actions on various communications channels (catalogues, dedicated space and websites), in association with the manufacturers (see paragraph 3.3.4 "The energy efficiency and renewable energy solutions offer" of this *Document de Référence*).

3.3.1.2 Organization and steering of the approach

The conduct of the Rexel Group's environmental policy and its operational implementation are steered by the Sustainable Development Department, in coordination with the functional departments at the headquarters and the local operational teams.

To implement this approach, the Rexel Group uses several tools:

– an annual environmental reporting;

– the Rexel Environmental Charter;

– the deployment of procedures to control environmental impact and of management systems based on the ISO 14001 standard;

– the "Ecodays", an awareness-raising campaign in relation to environmental and social issues designed for all employees.

• The environmental reporting

The Rexel Group's environmental reporting is a key steering tool in that it allows for the environmental aspects of its activities to be identified and quantified, and provides the global vision required to implement improvement programs.

In 2013, the Rexel Group's environmental reporting continued to evolve towards increased reliability and relevance, thanks in particular to the simplification of a number of indicators, the stabilization of the spectrum of reported environmental impacts, the strengthening of the data collection processes and the training of all banners contributors to reporting tools and methods.

In line with the regulatory requirements set forth in article 225 of the French "Grenelle 2" law, the Rexel Group's reporting framework also rely on recognized international reporting guidelines and standards:

– the GRI (Global Reporting Initiative)'s sustainability reporting guidelines, an internationally-recognized framework, is used to define performance indicators and reporting procedures; and

– the Greenhouse Gas Protocol is used to quantify and report on its greenhouse gas emissions in a transparent manner (see paragraph 3.3.5 "Methodology note & summary table" of this *Document de Référence*).

The Rexel Group's reporting relies on a global network of more than 70 correspondents, located in the subsidiaries. In furtherance of the efforts made over the past three years, a number of training and awareness-raising sessions have been provided to these contributors, such as the organization, like in 2012, of an international seminar on sustainable development.

Thus, there has been an improvement in the quality and representativity of the responses from 2012 to 2013, which makes it possible to better appreciate the challenges and efforts achieved, but may lead to refine and nuance the interpretation of the variations between these two years.

• The Environmental Charter

To support the operational implementation of its policy, the Rexel Group has for several years rolled out its Environmental Charter. At the end of 2012, the Rexel Group, together with its subsidiaries, launched an initiative aimed at redesigning the Charter to make it, consistent with progress made over the past few years in relation to environmental management and with the *Energy in Motion* corporate project. The new Environmental Charter was thus published and distributed to all Rexel Group subsidiaries in 2013. The new Charter was translated into 23 languages and presents the Rexel Group's 3 commitments to the environment:

Improve the environmental performance of buildings

– By modernizing the premises with low energy consumption lighting, heating, air conditional equipment, etc.,

– By managing and sorting waste with a view to recycling or other appropriate processing.

Reduce the environmental footprint of operations

– By reducing the paper and packaging consumption,

– By optimizing transportation flows, thereby limiting the fuel consumption and carbon emissions.

Develop and promote energy efficiency solutions

- By commercializing a broad range of innovative energy control and renewable energy products and services,
- By providing commercial teams with training on new technologies and by providing specific information support and marketing tools.

At the end of 2013, this new Charter was disseminated in more than 95% of the sites of the Rexel Group.

• Environmental management procedures and systems

The Rexel Group pursues the implementation of environmental management systems (EMS) aimed at defining and documenting the procedures used to control the environmental aspects of its activities and to allow for the steering of improvement plans.

Thus, several subsidiaries have taken steps to obtain ISO 14001 certification, which certifies that an EMS has been implemented and attests to their commitment in favor of the continued improvement of their environmental approach. To date, close to 40% of the sites of the Rexel Group apply an EMS and 8 subsidiaries have obtained the ISO 14001 certification.

In 2013, the Rexel Group developped its own environmental management standard aimed at harmonizing, supporting and accelerating the rolling out of EMS within the subsidiaries.

• Awareness-raising and training on environmental issues

In addition to the environmental management tools, the Sustainable Development Department, supported by the Communications Department, raises employee awareness in relation to environmental issues through an annual event called "Ecodays".

The 2013 Ecodays campaign, named "Your commitment, a sustainable energy", promoted the commitments set forth in the Environmental Charter as well as the mission of the Rexel Foundation for a Better Energy Future among Rexel Group employees.

Through the website dedicated to the event, accessible in 7 languages, employees could seek information on issues relating to the protection of the environment and on the various initiatives of the Rexel Group and of its subsidiaries in this area as well as on the gestures to be adopted to contribute to reduce the Rexel Group's environmental footprint.

From an operation standpoint, training sessions are organized by the subsidiaries, in the logistics hubs and branches, on the procedures and behaviors to be adopted in terms of health, safety and environment, in order to notably control the environmental aspects of the activities.

3.3.1.3 2013 objectives and achievements

In 2013, the Rexel Group made significant progress in connection with its environmental approach. A number of actions were undertaken, which enabled the Rexel Group to reach its objectives:

- Continue to structure its environmental management approach, thanks to the publication of its new Environmental Charter and the availability of its EMS standard;
- Enhance environmental performance monitoring by providing the zone and subsidiary management teams with a full report of their impact and associated costs;
- Strengthen the knowledge and management of the Rexel Group's greenhouse gas emissions thanks to the second assessment of the carbon footprint carried out across twelve subsidiaries and using a wider scope of indicators;
- Launch a pilot project aimed at assessing, *inter alia*, the Rexel Group suppliers environmental performance, using a shared assessment platform;
- Increase client awareness in relation to eco-efficient electrical products and develop the sales of these products.

The results and main initiatives are detailed in the paragraph 3.3.3 "Environmental aspects of the Rexel Group's activities" of this *Document de Référence*.

3.3.2 Risk management and regulatory compliance

3.3.2.1 Assessment and compliance steps

Compliance with environmental regulatory requirements is a crucial component of the definition of the environmental policy on a global as well as local level.

The main regulations that are likely to have an impact on the activities of the Rexel Group are described in paragraph 1.8.2 "Environmental regulations" of this *Document de Référence*.

The Rexel Group's activities are in particular subject to environmental regulations derived from European Directives and Regulations:

- Directive 2011/65/UE of the European Parliament and of the Council of June 8, 2011, known as "RoHS" Directive (Restriction of Hazardous Substances) relating to the limitation of the use of certain substances in electrical and electronic equipment;
- Directive 2012/19/UE of the European Parliament and of the Council of July 4, 2012 relating to Electric and Electronic Equipment Wastes (the "WEEE" directive);
- Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006, known as "REACH" (Registration, Evaluation and Authorization of Chemicals) relating to the registration, the evaluation and the authorization of chemical substances.

The Rexel Group is further subject to specific local regulations in the various countries in which it operates, in relation to the environment, health and the safety of its activities and facilities.

As such, certain facilities are subject to a declaration to or registration with the administrative authorities, to the obtention of environmental permits and operational permits, and to regulatory controls. In France for example, the Rexel Group is subject to legislation concerning classified installations for environmental protection (*Installations Classées pour la Protection de l'Environnement* (ICPE)). In this regard, some facilities, particularly within the distribution centers and hubs, are subject to a declaration or registration, depending on the size and level of danger or inconveniencies that it presents: closed warehouse with storage of combustible fuels, storage of plastic material, storage of paper, cardboard and wood, battery charging facilities. If applicable, the obtention and renewal of these declarations and administrative authorizations are subject to local follow-up.

3.3.2.2 Environmental risk management and prevention

As a non-manufacturing distributor, the Rexel Group has not identified any significant environmental risks associated with its operations. The identification of risks and the occurrence of environmental accidents are nevertheless monitored through the annual environmental reporting. In 2013, no Group entity reported any such accident.

On the date of this *Document de Référence*, the Rexel Group is not aware of any environmental risks likely to have a significant impact on its business or financial position. It can however not guarantee that it has always complied, or will in all circumstances comply, with such standards and regulations, or that it will not incur any significant costs in order to become compliant with such standards and regulations, which could adversely affect the Rexel Group's reputation and financial results.

3.3.2.3 Expenses incurred to avert the consequences of its activity on the environment

The sites in respect of which certain environmental risks have been identified (particularly those that have fuel storage point(s)) apply the various regulations to which they are subject and implement operational procedures, quality systems as well as a number of safety measures. The expenses incurred by the Rexel Group to avert the consequences of its activities on the environment are included in the Rexel Group's usual investment process and have not been separately identified.

3.3.2.4 Means devoted to reducing environmental risks

Given the profile of the Rexel Group, the environmental risk is low. The costs of assessing, preventing and addressing environmental risks therefore represent small amounts which are included in the Rexel Group's investment processes and have not been separately identified.

3.3.2.5 Organization set up to face pollution accidents reaching beyond the company's sites

Not applicable.

3.3.2.6 Adaptation to climate change

Given its activities, the Rexel Group believes that it is not directly exposed to the inherent risks related to climate change and therefore did not implement specific adaptation policy.

3.3.2.7 Amount of reserves and guarantees set aside for risks

On the date of this *Document de Référence*, the Rexel Group is not aware:

- Of any disputes other than those described in Chapter 5 "Consolidated financial statements" of this *Document de Référence*;
- Of any environment-related facts or situations likely to have a significant impact on Rexel's assets and liabilities or results; or
- Of any particular environmental matters likely to have an impact on its use of its tangible fixed assets.

In 2013, no significant reserves for environmental risks were recorded in the Rexel Group's financial statements.

3.3.2.8 Pending proceedings for which no reserve has been made

Not applicable.

3.3.2.9 Indemnities paid pursuant to a court decision

In 2013, no significant indemnity has been paid pursuant to a court decision in relation to the environment or to steps taken to remedy environmental damage.

3.3.3 Environmental aspects of the Rexel Group's activities

The Rexel Group's sustainable development approach places as its first priority the reduction of the environmental impact of its activity throughout its entire distribution network.

Various initiatives are taken in the Rexel Group, at the international or local scale, to manage the environmental impact of its operations. These impacts are in particular linked to the infrastructures (waste, use of energy resources, water, etc.), to the commercial activity (travels for supplier and client visits, paper consumption, consumables, etc.) and logistics (deliveries, packaging, etc.).

3.3.3.1 Energy consumption

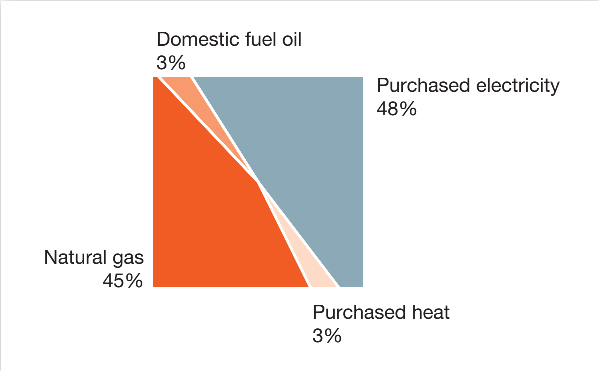
For the Rexel Group, energy consumption is a major environmental challenge with regard to the preservation of resources and the fight against climate change. In addition, energy consumption is also an economic issue for the Rexel Group as the depletion of fossil fuel resources (oil, gas, etc.) will inevitably lead to higher prices. As a consequence, cost control implies the reduction of the energy intensity of its operations.

In this context, voluntary steps towards the optimization of consumption at the level of each entity have been undertaken, in relation to both energy consumption onsite and in connection with the transportation of products and persons.

• Onsite energy consumption

In 2013, total energy consumption stood at more than 367 600 MWh, allocated as follows:

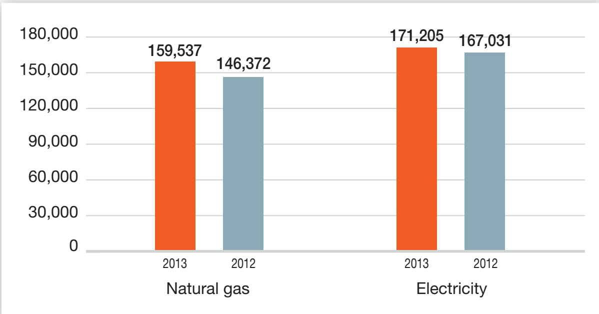
Breakdown of consumption per type of energy in 2013



This data has been calculated based on a perimeter representing 99% of the Rexel Group's sales.

Using a constant perimeter for 2012 and 2013, energy consumption was up 6%, principally as a result of climatic conditions: 2% increase for electricity and 9% increase for natural gas.

Energy consumption evolution (MWh)



• Measures taken to improve the facilities' energy efficiency

When sites are renovated, opened or transferred to another location, buildings' and facilities' energy efficiency is given consideration, in particular:

– The improvement of the lighting appliances, the use of low consumption technologies (LED in particular) and of control and automation systems (building automation, presence and light detection, etc.);

– The modernization of heating systems, air conditioning and ventilation and improvement of monitoring systems (lower room temperature setpoint, etc.);

– The use of renewable energies (e.g. installation of solar panels or the connection to heating networks produced by biomass-fuelled power stations).

In 2013 for example, the Rexel Group's Australian subsidiary equipped its main warehouse with a high performance lighting system, allowing an annual saving of more than 50% over its electricity consumption. In addition, the Rexel Group installed its new headquarters in Paris, the "Rexel Campus", in a 10,000 sqm building which received the High Environmental Quality (HQE) management certification. The building has been renovated with the installation of a lighting, heating and cooling efficient monitoring system, as well as saving technologies to reduce energy consumption by close to 60%. In The Netherlands, all branches now use biomass produced energy, a 100% renewable energy which is CO_2 neutral and which, each year, will avoid the emission of 400 tons of CO_2 equivalent.

- Fuel consumption for the transportation of goods

The Rexel Group's activities imply the transportation of equipment and goods from the suppliers to the clients.

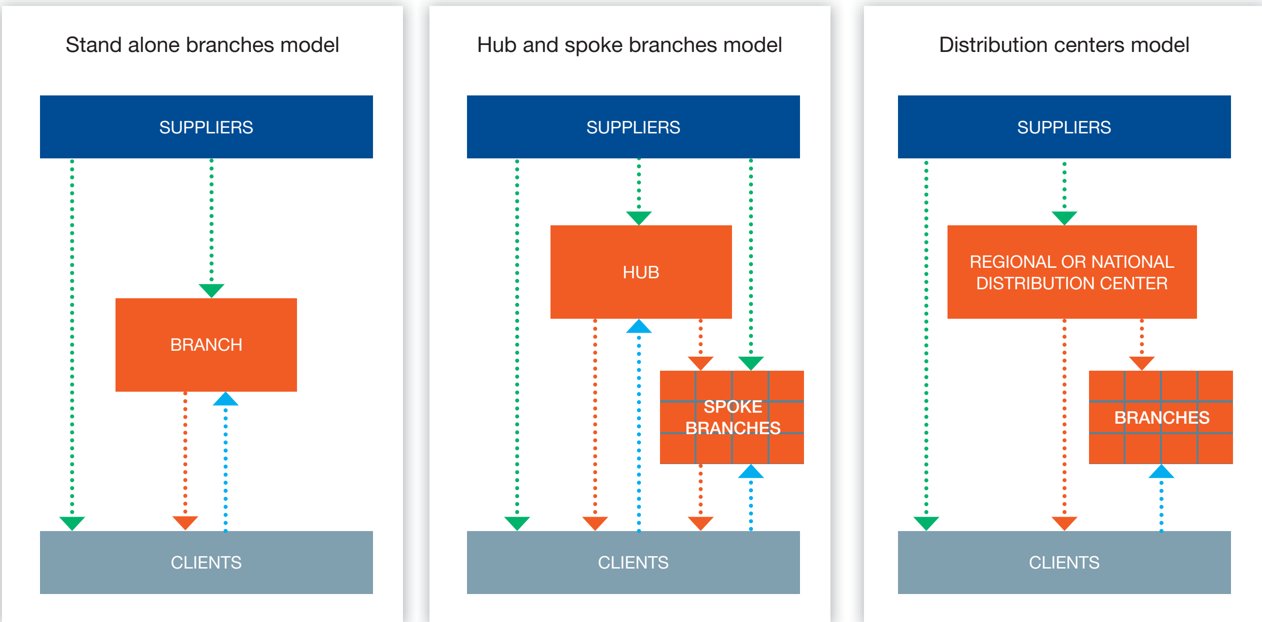
The chart below presents the logistical organization of the Rexel Group (see paragraph 1.4.2.3 "Logistical organization of the Rexel Group" of this *Document de Référence*) and sets forth the main goods transportation flows in connection with its activity:

– in **green**, the upstream transports, *i.e.* the flows from the suppliers towards Rexel Group's distribution centers, hubs, branches and customers. These flows are managed by the suppliers themselves,

– in **blue**, the flows from the customers using their own transportation means, to and from Rexel's branches,

– in **orange**, transports initiated and managed by the Rexel Group: on the one hand the internal flows between its distribution centers / hubs and its branches, and on the other hand the downstream flows from its warehouses towards the customers. These flows may be carried out by the Rexel Group's internal fleet or by sub-contractors.

Chart: Representation of the transport flows, depending on the logistics model in place.



In relation to environmental reporting, the Rexel Group focuses on the assessment of the transport that it initiates and manages (orange flows) in order to continue to improve data collection and to support the implementation of improvement programs.

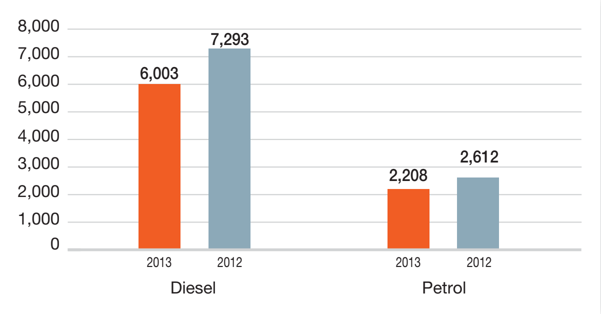
In addition, the client and supplier flows were reviewed at the time of the Rexel Group's carbon footprint assessment carried out in 2013.

The Rexel Group's internal fleet for the transportation of goods comprised, in 2013, approximately 710 trucks and 1,235 vans in total, *i.e.*, a higher number of vehicles compared to 2012 due to the integration of recent acquisitions in the United States and in the United Kingdom.

In 2013, this internal fleet consumed close to 6.5 million liters of diesel and 2.7 million liters of petrol (these figures have been calculated based on a perimeter representing 99% of the Rexel Group's total sales).

On the basis of a constant perimeter between 2012 and 2013, these consumptions decreased by 18% and 15%, respectively.

Evolution of fuels consumption for products deliveries by internal fleet (cubic meters)



• Measures taken to optimize transportation of goods

In 2013, the Supply Chain Department of the Rexel Group continued rolling out its transport optimization plan aimed at optimizing costs, increasing flexibility and service while reducing the distances travelled, fuel consumption and associated greenhouse gaz emissions.

This strategy is built around two major points of focus.

On the one hand, the Rexel Group gives preference to shared transportation, which consists in sub-contracting transportation to service providers that pool the flows of the Rexel Group with those of their other customers, thereby reducing the environmental impact of the logistics operations.

On the other hand, when recourse to freight commingling cannot be achieved, the Rexel Group conducts optimization programs of transportation flows made by its internal fleet or dedicated external logistics, through the rationalization of the delivery routes, the optimization of the vehicle loads, the use of GPS systems to measure the various performance indicators (fuel consumption, CO_2 emissions, distances travelled, load rates, etc.), or the introduction of electrical and hybrid vehicles (for instance, in the subsidiary Nedco in Canada, since July 2013).

In addition, when selecting its sub-contracting carriers, the Rexel Group strives to develop the consideration of environmental criteria such as the environmental performance of the vehicles, their maintenance, the implementation of action plans in favor of the environment and the reporting on fuel consumptions and GHG emissions.

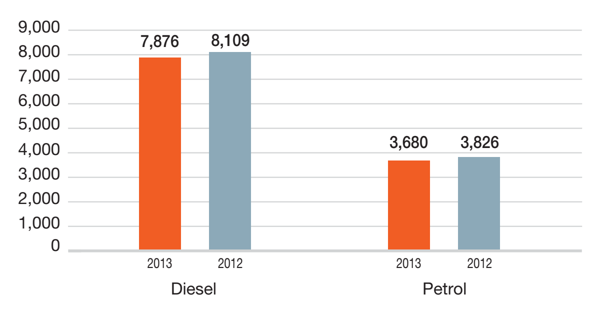
• Fuel consumption for business travels

The activities of the Rexel Group also imply staff business travels, particularly of sales representatives travelling to the customers' premises. To that effect, most of the subsidiaries lease on a long-term basis or own a fleet of cars.

In 2013, the Rexel Group fleet comprised approximately 5,430 cars (excluding goods vehicles) and consumed close to 3.9 million liters of petrol and 8.1 million liters of diesel.

On the basis of a constant perimeter, these consumptions decreased by 4% and 3% as compared to 2012, respectively.

Evolution of fuels consumption for travels by company cars (cubic meters)



• Optimization measures of the fleet of vehicles

The Indirect Purchases Department of the Rexel Group has, over several years, been rolling out framework agreements in order to rationalize the fleet of vehicles (cars and goods vehicles) and improve its environmental performance. Thanks to partnerships entered into with 2 leasing companies and 5 car manufacturers, the Rexel Group supports its subsidiaries in the implementation of this rationalization policy and encourages the measurement of performance indicators (fuel consumption, CO_2 emission per kilometer rate).

In 2013, 17% of the European fleet was renewed with vehicles which average CO_2 emission rate was 114 grams of CO_2 per kilometer (25% of the fleet had already been modernized in 2012 and 50% in 2011).

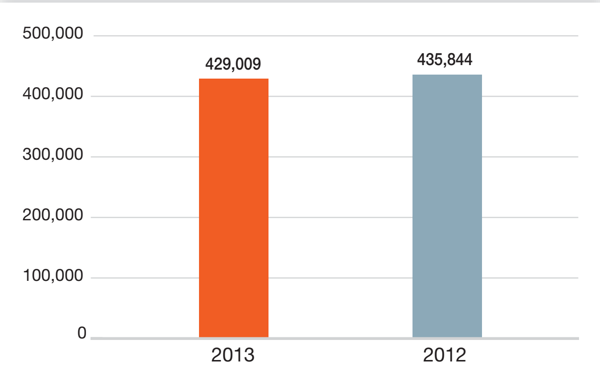
3.3.3.2 Water consumption

Water consumption within the Rexel Group essentially corresponds to water used in the commercial (branches, warehouses) and administrative buildings, particularly in the air conditioning systems and toilet facilities, for the maintenance of the premises and during mandatory fire protection draining operations. This therefore relates to water coming from the water system network only.

The Rexel Group's total water consumption stood at approximately 481,120 m³ in 2013, based on a perimeter representing 99% of the Rexel Group sales.

Using a constant perimeter, water consumption has slightly decreased (-2% compared to 2012).

Evolution of consumption of water (m³)

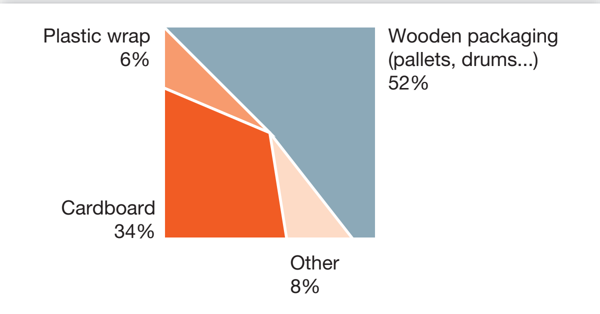


3.3.3.3 Packaging material and paper consumption

- Packaging

The total amount of packaging (cardboard, plastic, wood, other packaging) used by the Rexel Group in 2013 is estimated, based on a perimeter representing 96% of the Rexel Group's sales, to be close to 11,500 tons, allocated as follows:

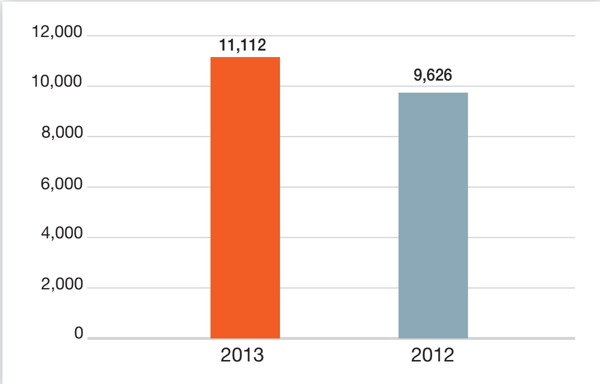
Breakdown of consumtion per type of packaging in 2013



An effort to re-use packaging is carried out within the Rexel Group: many countries have set up a system of re-use of suppliers' wood pallets, reels and cardboard for customers deliveries or use reusable plastic boxes for small equipment deliveries between hubs and branches.

However, further to the opening of new distribution centers and changes in the logistics models, the consumption of packaging material increased by 15%, on a constant perimeter basis compared to 2012. These figures must be put in perspective as the monitoring of these consumptions is also improved year after year (as a result of the implementation of a separated accounting for other consumables) and is therefore more exhaustive.

Evolution of packaging material consumption (tons)



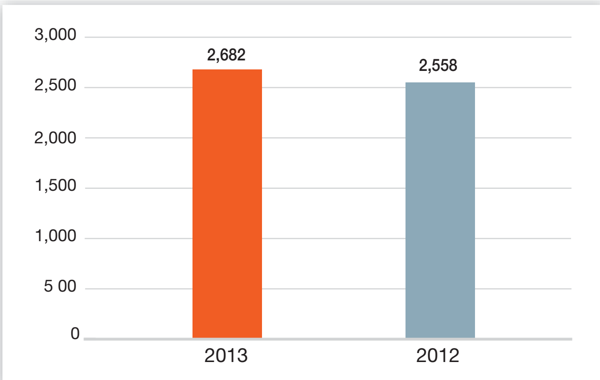
Note: the packaging quantities shown above only account for the packaging material purchased and used by the Rexel Group, and do not take into account the supplier's packaging material that is re-used by the Rexel Group.

- Paper

For the printing of its commercial brochures, booklets and catalogues, the Rexel Group consumed more than 1,500 tons of paper in 2013. The Rexel Group's consumption of other papers stood at close to 1,400 tons. 59% of this total quantity was certified (made with recycled fiber or sustainably managed forests). These figures have been computed based on a perimeter representing 99% of the Rexel Group's sales.

Using a constant perimeter, total paper consumption increased by 5% between 2012 et 2013.

Evolution of paper consumption (tons)



The international scale of the Rexel Group is a strong lever by which to optimize and standardize its indirect purchasing policy, while integrating responsible steps to reduce environmental impact.

In 2013, the Rexel Group continued its collaboration with the referenced suppliers in respect of office supplies, paper and printing, in order to reduce the consumed volumes of paper.

Since several years, a partnership with a printing services provider has been put in place. This agreement is now close to 80%-implemented and provides the Rexel Group's subsidiaries with the tools to monitor the performance indicators (such as the number of printed pages, color or black and white, etc.).

3.3.3.4 Waste management

As part of its environmental policy, the Rexel Group seeks to reduce the quantity of waste generated by its activities and encourages their recovery. Thus, especially through its Environmental Charter, the Rexel Group encourages all of its branches to:

– implement a sorting process for waste such as paper, cardboard, plastic and wood, in order to allow for waste recycling or recovery,

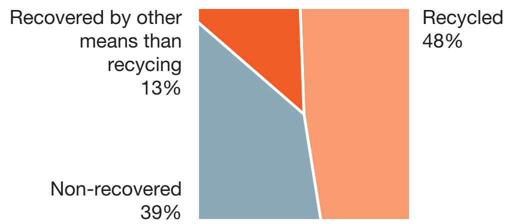
– ensure that hazardous waste (such as batteries, computer and electrical equipment) is sent to being processed and recycled in an environmentally-friendly way, and

– contribute, within the framework of local regulations, to the collection and recovery of certain specific waste generated by the customers, such as waste electrical and electronic equipment known as "WEEE" (see paragraph 3.3.2.1 "Assessment and compliance steps" of this *Document de Référence*).

• Total quantity of waste

The tonnage of waste generated by the Rexel Group is estimated to be 29,600 tons in 2013, all materials combined (excluding WEEE and batteries). These figures were calculated on the basis of a perimeter representing 92% of the Rexel Group's sales.

Breakdown of waste produced per treatment destination in 2013

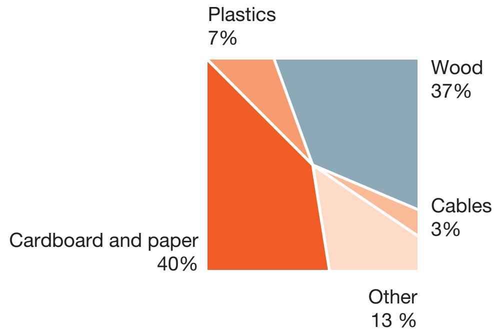


At constant perimeter, a 17% increase in the total volume of waste generated may be noted, which is mainly due to a more exhaustive reporting performed by the subsidiaries.

• Collection and recovery of ordinary waste

To the extent possible, the branches of the Rexel Group use an ordinary waste sorting process (including cardboard, plastic and wood) for recycling or other recovery treatment. The total volume of waste recovered by the Rexel Group, all materials combined (excluding WEEE and batteries), stood at approximately 17,950 tons in 2013. These figures were calculated on the basis of a perimeter representing 92% of the Rexel Group's sales.

Breakdown of recycled waste per type of material in 2013



On a constant perimeter, the volumes of recovered waste increased between 2012 and 2013 (+19%), in conjunction with the total tonnage of waste generated, and thanks to improved sorting of cardboard, paper, plastic and wood waste. The waste recovery rate remained stable at 61% in 2013.

• Collection and recovery of specific waste

In most European countries, the implementation of the European Directive on Waste Electrical and Electronic Equipment (WEEE) has led the Rexel Group to collect the WEEE from its customers for recycling. In other countries, some subsidiaries of the Rexel Group went beyond the applicable legal requirements and offer this additional service to their customers. Thus, in more than 18 countries, the Rexel Group has established a process for the management and recovery of WEEE and more than 1,400 tons were sent to recycling in 2013, of which approximately 1,130 tons of fluorescent tubes and lamps.

In 2013, the Rexel Group also contributed to the recycling of more than 85 tons of batteries. These figures were calculated on the basis of a perimeter representing 92% of the Rexel Group's sales.

3.3.3.5 Pollution and nuisances

• Discharges to water and to soil

Given the Rexel Group's activity, the risk of discharge of pollutant substances into water or soil is low.

The potential pollution risks associated with the presence of underground fuel tanks are managed locally, in accordance with local regulations, through the implementation of operational procedures, quality systems and safety measures (see paragraph 3.3.2 "Risk management and regulatory compliance" of this *Document de Référence*).

• Emissions to air

For greenhouse gas (GHG) emissions, see paragraph 3.3.3.6 "Emissions of greenhouse gas and fight against climate change" of this *Document de Référence*.

Other than GHG emissions, the Rexel Group does not generate significant amounts of discharges to air.

• Noise pollution

The Rexel Group considers that its impact in terms of noise pollution is not material considering its service activity.

• Olfactory nuisances

The Rexel Group considers that this information is irrelevant considering its service activity.

• Land use conditions and impact on biodiversity

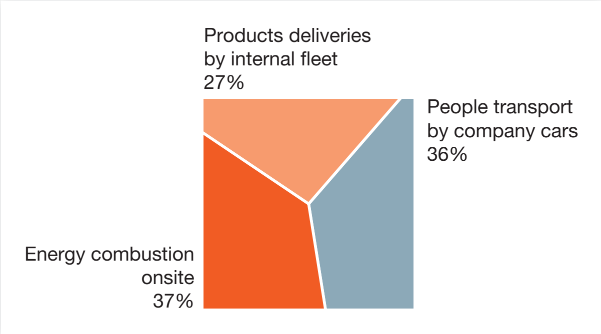
The Rexel Group considers that its impact on land use and biodiversity is not material considering its service activity.

3.3.3.6 Emissions of greenhouse gas and fight against climate change

As a distributor, the Rexel Group's direct carbon footprint is limited. In 2013, it represented 87,660 tons of CO_2 equivalent, based on a perimeter representing 99% of the Rexel Group's sales.

Direct emissions (scope 1 under the GHG Protocol) (please see paragraph 3.3.5.1 "Methodology note" of this *Document de Référence*) include emissions associated with the consumption of primary energy (mainly natural gas and domestic fuel oil) and fuels used for transportation by company vehicles.

Breadown of scope 1 emissions by source in 2013



Scope 2 indirect emissions (please see paragraph 3.3.5.1 "Methodology note" of this *Document de Référence*) comprise emissions associated with the production of electricity and heat consumed by the sites of the Rexel Group. They stood at 52,760 tons of CO_2 equivalent in 2013.

• GHG emissions related to energy consumption

Direct GHG emissions associated with onsite primary energy combustion were estimated at 32,280 tons of CO_2 equivalent in 2013.

Indirect GHG emissions associated with the production of electricity purchased by the Rexel Group totaled close to 49,600 tons of CO_2 equivalent in 2013. Indirect GHG emissions associated with the production of heat totaled 3,174 tons of CO_2 equivalent.

Using a constant perimeter compared to 2012, total (direct and indirect) emissions due to energy consumption slightly increased (+2%).

• GHG emissions related to the transportation of goods by the internal fleet

Some Rexel Group subsidiaries have an internal fleet of vehicles for the transportation of goods between Rexel sites or to the customers' premises.

In 2013, GHG emissions associated with the transportation of goods by this fleet stood at close to 23,950 tons of CO_2 equivalent. Using a constant perimeter, these emissions decreased by 17% compared to 2012.

• GHG emissions related to business travels by company car

These emissions relate to business travels using the Rexel Group subsidiaries' fleet of owned and leased cars.

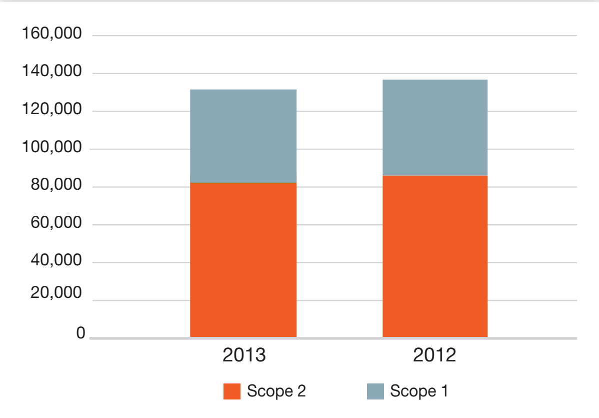
In 2013, these emissions represented 31,435 tons of CO_2 equivalent. Using a constant perimeter, these emissions slightly decreased by 4% compared to 2012.

• Measures taken to fight against climate change

While its impact on climate change is relatively low, the Rexel Group strives to reduce its GHG emissions it through the implementation of initiatives to decrease its sites energy consumption, to optimize its logistic and to modernize its fleet of vehicles (see paragraph 3.3.3.1 "Energy consumption" of this *Document de Référence*).

Using a constant perimeter between 2012 and 2013, scope 1 and scope 2 total emissions thus decreased from 136,820 to 132,430 tons of CO_2 equivalent.

Evolution of scope 1 and 2 GHG emissions (tons of CO_2e.)



3.3.4 The energy efficiency and renewable energy solutions offer

As previously presented in paragraph 1.4.4 "Strategy of the Rexel Group" of this *Document de Référence*, the Rexel Group's intention, through the *Energy in Motion* company plan, is *inter alia* to accelerate its growth by investing on high potential categories, namely energy efficiency, renewable energy and home automation.

The Rexel Group has thus developed a range of innovative products and services that respond to the structural trends in its market: the need for electrical efficiency in order to reduce energy consumption, and the necessary development of renewable energies.

In the area of energy efficiency, the Rexel Group offers a broad range of products and solutions for the construction, refurbishment or maintenance of housing, commercial and industrial buildings: replacement of lighting sources (lamps and fluorescent tubes, low-energy halogens, and LED), setting up of monitoring and control systems (sensors, detectors, smart meters, dimmers, etc.) as well as energy surveys and energy-saving certificates. In 2013, these activities generated total sales of more than €730 million, up by 18% compared to 2012.

In the area of renewable energies, the Rexel Group develops a tailored offer for each country, market and customer. On the photovoltaic market, it provides various pieces of equipment, such as solar panels and assembly accessories. On the wind power market, the Rexel Group offers targeted solutions to its customers in this area, ranging from simple delivery to a fully-integrated services offer (from the sourcing to the provision of the products on the assembly lines, as well as inventory management). The product range includes electrical components, cables and other products required for the manufacturing of turbines or the operation of wind farms.

In 2013, sales to the wind energy sector generated a turnover of €85 million in total, down 25% compared to 2012, mainly owing to a slowing-down of investments in this industry. The photovoltaic market generated a turnover of €186 million, representing an increase of 4% compared to 2012.

3.3.5 Methodology note & summary table

3.3.5.1 Methodology note

• Reporting protocol

The main objectives of the environmental reporting process is to provide data to the Sustainable Development Department, in order to steer the implementation of its policy thanks to dashboarding, to facilitate the sharing of information and the tracking of best practices within the Rexel Group, to comply with external reporting requirements, in particular the regulatory obligations of the law known as the "Grenelle 2" law and article R.225-105-1 of the French Commercial Code, and also to reply to the requests of stakeholders (customers, investors, ratings agencies, etc.).

The Rexel Group therefore endeavors to ensure that its environmental reporting meets the following standards: consistency (ensure that the information is drawn up in accordance with identical sets of rules), exhaustiveness and accuracy (the reported data fairly reflects reality), materiality (the data is significant), transparency and control (the data sources, calculation and assessment methods are available and readily accessible).

In terms of organization, a contributor is in charge within each entity of collecting all data which is then controlled by a validator.

Over the last five years, a secure Internet platform has allowed the Rexel Group to increase the reliability of data collection.

In 2013, the Sustainable Development Department continued its efforts to increase the reliability of the collection processes and to ensure that the rules defined in its reporting protocol, available in 10 languages, are properly applied.

This environmental reporting protocol defines:

– the objectives of the environmental reporting;

– the reporting scope;

– the procedures in relation to data collection and reporting;

– the indicators used and their definition, so as to ensure correct and homogeneous understanding by all contributors; and

– the formulas used for the calculation of certain indicators, such as conversion factors.

• External verification

All significant environmental information, whether qualitative or quantitative in nature, has been verified externally by one of the assigned statutory auditors and in compliance with the provisions of the law known as "Grenelle 2" and of its implementing decrees, so as to increase stakeholder confidence in this information.

• Scope of reporting

The scope of the environmental reporting process is intended to be identical to that used to draw up the consolidated financial statements, as defined by the Rexel Group's Finance Department. Only the recently-acquired entities (*i.e.*, entities acquired during the financial year or late in the previous financial year) were not included in the scope, owing to difficulties in obtaining certain information during the year of acquisition.

In 2013, the scope of the environmental reporting thus represented 100% of the Rexel Group's total sales.

• Calculation of the indicators' coverage rates

The coverage rates indicated for each indicator, as presented in the text and in the summary table set forth in paragraph 3.3.3 "Environmental aspects of the Rexel Group's activities" of this *Document de Référence*, correspond to the ratio of total sales of the entities that reported the indicator to total Group sales, excluding entities acquired during the financial year.

• Restatement of 2012 data

Some of the 2012 data gave rise to a number of corrections, which were applied retroactively.

INDICATOR	RESTATEMENT
Energy consumption	The 2012 information on total electricity consumption was revised upwards, owing to a correction of the consumption of the Portuguese entity.
Packaging consumption	The total quantity of packaging material consumed in 2012 was revised upwards, further to certain changes in the data reported by the Belgian, Canadian, French, Portuguese and Slovakian entities, which were applied retrospectively.
Paper consumption	The 2012 information on paper consumption was revised upwards, owing to a correction of the data reported by the English and Austrian entities.
Waste	The 2012 information was revised upwards, owing to certain changes in the data reported by the Australian, Belgian, German, Canadian and Slovakian entities, which were applied retroactively.
Fuel consumption by the internal fleet	The 2012 information on fuel consumption by the internal fleet was revised upwards, owing to an adjustment to the consumption reported by the headquarters.
Greenhouse gas emissions	As a consequence of the changes made to the electricity and fuel consumption, 2012 data on direct and indirect emissions of greenhouse gas has been revised upwards.

• Calculation of the constant perimeter

In order to analyse changes from one year to another, environmental indicators are also presented on the basis of a constant perimeter. The data is restated as follows:

– the data relating to year N-1 does not include: entities that left the perimeter (owing to a divestment) as well as entities which figures have been partially excluded in year N;
– the data relating to year N does not include: entities that are newly integrated to the reporting (owing to an acquisition or an extension of the perimeter) as well as entities which figures have been partially excluded in year N-1.

These restatements do not correct variations resulting from business growth or decrease within these entities.

In 2013, following the merger of entities recently acquired in pre-existing subsidiaries of the Rexel Group, several restatements have been necessary to present a meaningful constant perimeter: data relating to United Kingdom and United States have been consolidated in proportion to the sales of the subsidiaries consolidated in 2012.

Such restatements have not been applied to the data relating to Canada, as the company Liteco Inc. transferred the entirety of its assets on April 26, 2013 to the company Rexel Canada Electrical Inc. This does not have a significant impact on the variations presented on the basis of a constant perimeter.

• Greenhouse gas emission accounting

Method and references

The method used by the Rexel Group for the purpose of quantifying its greenhouse gas emissions (noted “GHG” in this note) relies on the GHG Protocol standard.

Scope 1 accounts for direct GHG emissions from sources owned or controlled by the Rexel Group. Accordingly, the Rexel Group has chosen to include emissions associated with vehicles held under long term leases and over which it has operational control.

Scope 2, as defined by the Rexel Group, accounts for indirect GHG emissions associated with the production of electricity and heat purchased by the Rexel Group.

Scope 3 accounts for other indirect GHG emissions resulting from the Rexel Group’s activities, but generated by sources that do not belong to the Group or over which it has only very limited operational control or influence.

Emission factors used

The emission factors associated with electricity production used in the reporting software are the factors published by the IEA (International Energy Agency). In 2013, the factors that have been applied are the 2011 factors while 2012 data has been computed by using the 2010 factors.

Where specific supply agreements have been signed (including for imitance a high portion of renewable electricity), emissions factors that are applied are those indicated by the suppliers.

The other emission factors are from the one published by the ADEME in its Base Carbone® (carbon database).

Calculation of emissions associated with transportation

To obtain the most reliable data possible, on the basis of the business information which is available, emissions generated by transportation are calculated as follows:

– Either on the basis of fuel consumption, by applying an average emission factor to each different type of fuel (diesel, petrol or LPG),
– Or, when fuel consumption is not available, on the basis of the distances traveled, by applying an average emission factor per kilometer, and distinguishing between three categories of vehicles: cars (weighing under 1.5 ton), light utility vehicles such as vans (weighing 3.5 tons or less) and heavy vehicles (weighing over 3.5 tons).

• Revenues from sales of energy efficient and renewable energy solutions

Further to the launch of the *Energy in Motion* company plan, the definition of sales related to energy efficiency and renewable energy categories has been reviewed:

The energy efficiency category covers products and services that allow for a measurable, direct or indirect, reduction of energy consumption. This includes eco-efficient lighting (sources and accessories), control systems (such as sensors and detectors), measurement systems (smart meters, etc.) and eco-efficient power systems.

The renewable energy category covers photovoltaic solutions (all products, accessories and services related to photovoltaic systems, off-grid or grid-connected) and sales of products and services to the wind power market (components and accessories provided to the various players in this market).

2012 and 2013 sales are presented on the basis of comparable exchange rates and perimeter.

3.3.5.2 Summary table

				CONSTANT PERIMETER			
INDICATOR	UNITY	2013	PERIMETER	2013	2012	VARIATION	PERIMETER
CONSUMPTION OF RESOURCES							
Consumption of energy							
Consumption of electricity	MWh	178,071	99%	171,205	167,031	+2%	92%
Consumption of natural gas	MWh	164,460	99%	159,537	146,372	+9%	92%
Consumption of domestic fuel oil	MWh	11,789	99%	10,722	12,236	-12%	92%
Consumption of water	**m^3**	**481,121**	**99%**	**429,009**	**435,844**	**-2%**	**89%**
Consumption of packaging material including:	**Tons**	**11,458**	**96%**	**11,112**	**9,626**	**+15%**	**92%**
Cardboard	*Tons*	*3,926*	*96%*	*3,831*	*3,976*	*-4%*	*92%*
Plastic films	*Tons*	*704*	*96%*	*685*	*719*	*-5%*	*92%*
Wood packaging	*Tons*	*5,967*	*96%*	*5,782*	*4,493*	*+29%*	*92%*
Consumption of paper	**Tons**	**2,906**	**99%**	**2,682**	**2,558**	**+5%**	**90%**
Including commercial paper	*Tons*	*1,517*	*99%*	*1,392*	*1,385*	*+1%*	*90%*
WASTE							
Total quantity of waste generated	Tons	29,599	92%	28,109	23,971	+17%	88%
Including total quantity of waste recovered	*Tons*	*17,942*	*92%*	*17,270*	*14,516*	*+19%*	*88%*
Recovery rate	%	61	92%	61	61	–	88%
GREENHOUSE GAS EMISSIONS							
Scope 1 direct emissions	**Tons CO_2e.**	**87,659**	**99%**	**82,897**	**86,468**	**-4%**	**92%**
Emissions related to on-site energy combustion	Tons CO_2e.	32,280	99%	31,142	29,052	+7%	92%
Emissions related to the transportation of products by the internal fleet	Tons CO_2e.	23,944	99%	21,533	25,987	-17%	92%
Emissions related to business travels by company cars	Tons CO_2e.	31,435	99%	30,222	31,429	-4%	92%
Scope 2 indirect emissions	**Tons CO_2e.**	**52,762**	**99%**	**49,533**	**50,352**	**-2%**	**92%**
Emissions related to the production of purchased and consumed electricity	Tons CO_2e.	49,588	99%	46,359	50,352	-8%	92%
Emissions related to the production of purchased and consumed heat	Tons CO_2e.	3,174	99%	3,174	NC	–	92%
SALES OF ENERGY EFFICIENCY AND RENEWABLE ENERGY SOLUTIONS							
Sales from energy efficiency solutions	€ millions	–	–	732	622	+18%	100%
Sales from photovoltaic solutions	€ millions	–	–	186	178	+4%	100%
Sales from wind market	€ millions	–	–	85	114	-25%	100%

3.4 Report of the independent third-party

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Rexel

Year ended December 31, 2013

Independent verifier's certification and assurance report on consolidated social, environmental and societal information contained in the registration document

To the shareholders,

In our quality as an independent third-party organization of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Rexel, we present our report on the consolidated social, environmental and societal information presented in chapter 3 of the registration document, hereafter referred to as the "CSR Information," established for the year ending on December 31, 2013, pursuant to the provisions of the article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

Responsibility of the Company

It is the responsibility of the Management Board to establish a registration document including CSR Information referred to in the article R.225-105-1 of the French Commercial Code *(Code de commerce)*, in accordance with the Company's internal reporting standards (the "Guidelines"), and of which a summary is included on paragraph 3.1.7 and paragraph 3.3.5 of the present Document de Référence (the "Methodological note").

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession *(Code de déontologie)* as well as the provisions in the article L.822-11 of the French Commercial Code *(Code de commerce)*. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Independent Verifier's Responsibility

It is our role, based on our work:

- to attest whether the required CSR Information is present in the registration document or, in the case of its omission, an appropriate explanation has been provided, in accordance with the third paragraph of R.225-105 of the French Commercial Code *(Code de commerce)* (Attestation of presence);
- to express a limited assurance conclusion, based on the fact that the CSR Information is presented, in all material aspects, in an accurate way and in conformity with the Guidelines used (Assurance statement).

Our verification work was undertaken by a team of six people and took place over the period October 2013 to February 2014 for an estimated time period of 19 weeks.

We undertook the following verification work, in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which a third-party verifier performs their work and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000 (1).

1. Attestation of presence

We obtained an understanding, based on interviews with the management of relevant departments, the presentation of the company's guidelines on sustainable development, in function of social and environmental consequences linked to the activities of the company and its societal commitments, and, where appropriate, resulting actions or programs.

We compared the information presented in the registration document with the list as provided for in the article R.225-105-1 of the French Commercial Code *(Code de commerce)*.

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions in article R.225-105-1, paragraph 3, of the French Commercial Code *(Code de commerce)*.

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the article L.233-1 and the entities which it controls, as aligned with the meaning of the article L.233-3 of the French Commercial Code *(Code de commerce)*, with the limitations specified in the Methodological Note on paragraph 3.1.7 and paragraph 3.3.5 of this *Document de Référence*.

Based on this work, and given the limitations mentioned above, we confirm the presence in the registration document of the required CSR Information.

2. Assurance statement

Nature and scope of the work

We conducted five interviews with eight people responsible for the preparation of CSR Information, with Directors of sustainable development, human resources, purchasing, logistics and transportation, responsible for information gathering and responsible for internal control procedures and risk management to:

- Assess the appropriateness of the Guidelines, in terms of their pertinence, completeness, reliability, neutrality and ease of comprehension, taking into account, where appropriate, sectorial best practices.
- Verify the implementation of a process for the collection, compilation, treatment and control of the CSR Information for its completeness and coherence, as well as obtain an understanding of internal control and risk management procedures related to the preparation of the CSR Information.

We determined the nature and scope of our tests and controls based on the nature and importance of the CSR Information in terms of company characteristics, social and environmental issues related to its activities, its orientation in terms of sustainable development and sectorial best practices.

For the CSR Information which we considered the most important [(2)]:

- At the level of the consolidating entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified on a test basis the calculations and data consolidation and we verified their coherence and consistency with the other information contained in the registration document.
- At the level of the representative selection of sites which we chose [(3)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on a basis of samples, consisting in verifying the calculations made and linking them with the information in supporting documentation. The sample selected represented on average 22% of the company's personnel and between 11% and 46% of quantitative environmental information.

For the consolidated CSR Information, we appraised their coherence in relation to our knowledge of the company.

Furthermore, we appraised the pertinence of explanations, related to the total or partial absence of certain information.

We consider that the sampling methodologies and the size of the sample that we considered, in exercising our professional judgment, allows us to formulate a conclusion of limited assurance; an assurance of a higher level would have required more extensive verification work. Due to our recourse to sampling techniques and due to other inherent limits in the functioning of all systems of information and internal control, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely removed.

Conclusion

Based on our work, we did not identify any significant anomaly, which could put in question the fact that the CSR Information, taken together, is presented in an accurate way, in accordance with the Guidelines.

Observations

Without questioning our conclusion above, we draw your attention to the following point:

The Guidelines are not uniformly applied in all the different entities for the calculation of the number of days of absence, used for calculating the absenteeism rate. The uncertainty associated with this fact has been reduced thanks to corrections made by the consolidating entity.

Paris-La Défense, February 12, 2014

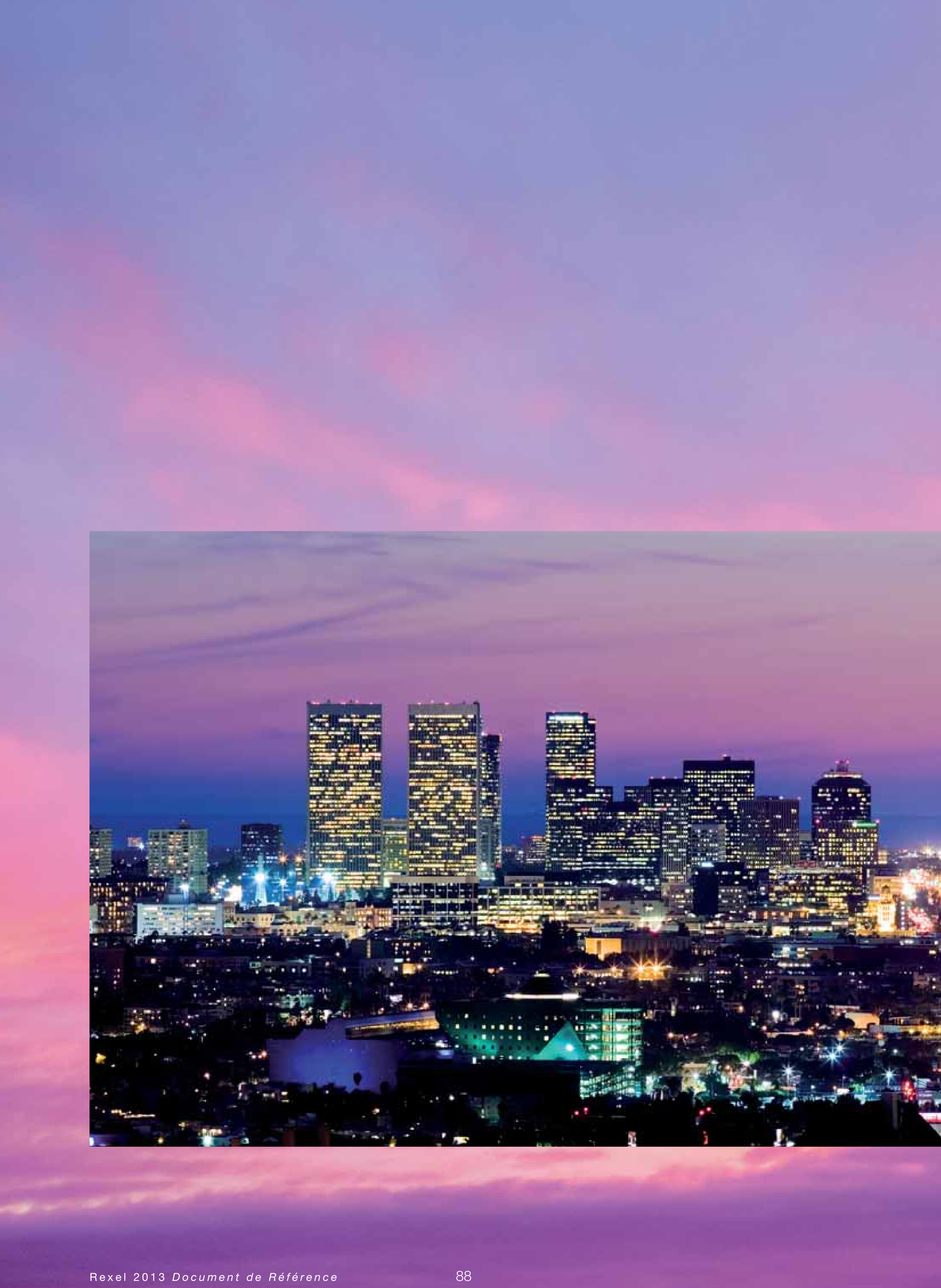
The Independent Third-Party Verifier
ERNST & YOUNG et Associés

French original signed by:

Eric Mugnier
Partner, Sustainable Development

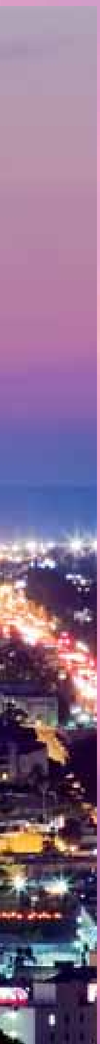
Bruno Perrin
Partner

(1) ISAE 3000: Assurance engagements other than audits or reviews of historical information.
(2) Environmental and societal information: company's organization to taking into account environmental issues, actions taken in support for the prevention, recycling and waste disposal, consumption of raw materials, energy consumption and GHG emissions; importance of subcontracting and addressing the social and environmental responsibility of suppliers Social information: total number of employees, hirings and dismissals, absenteeism, occupational accidents, including the frequency and severity rates.
(3) Rexel France, Rexel Belgium, Elektroskandia Poland, Rexel Sverige et Ideal Electric New-Zealand.



Results of operations and financial position of the Rexel Group

4



Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this *Document de Référence*:

- the operating and financial review of the Rexel Group for the year ended December 31, 2012 and the consolidated financial statements (as well as the related report of the statutory auditors) which are included in pages 79 to 96 and 97 to 162, respectively, of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013, under number D.13-0130; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2011 and the consolidated financial statements (as well as the related report of the statutory auditors) which are included in pages 77 to 93 and 96 to 154, respectively, of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164.

The information in these documents that is not incorporated by reference is either irrelevant for the investor or is covered in another section of this *Document de Référence*.

4.1 General overview

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

4.1.1 Rexel Group overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in four geographic areas: Europe, North America, Asia-Pacific and Latin America. This geographic segmentation is based on the Group's financial reporting structure.

In 2013, the Group recorded consolidated sales of €13,011.6 million, of which €7,078.6 million were generated in Europe (55% of sales), €4,441.1 million in North America (34% of sales), €1,196.8 million in Asia-Pacific (9% of sales) and €294.8 million in Latin America (2% of sales).

The Group's activities in Europe (55% of Group sales) are in France (which accounts for 34% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The Group's activities in North America (34% of Group sales) are in the United States and Canada. The United States accounts for 72% of Group sales in this region, and Canada for 28%.

The Group's activities in Asia-Pacific (9% of Group sales) are in Australia, New Zealand, China and India, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam). Australia accounts for 51% of Group sales in this region and China for 31%.

The Group's activities in Latin America (2% of Group sales) are in Brazil, Chile and Peru. Brazil accounts for 59% of Group sales in this region.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the four geographic segments, as well as for the Other operations segment.

4.1.2 Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

4.1.3 Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 15% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

– **the recurring effect** related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales;

– **the non-recurring effect** related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

4.1.4 Comparability of the Rexel Group's operating results and Adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

• Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

• Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

• Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 4.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

• Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- **on a constant basis,** which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;
- **on a constant and same number of working days basis,** which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- **on a constant basis, adjusted,** which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Operating income before other income and other expenses	**667.2**	**754.1**
Change in scope of consolidation	–	13.1
Foreign exchange effects	–	(19.0)
Non-recurring effect related to copper	15.3	(1.9)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	19.7	13.3
Adjusted EBITA on a constant basis	**702.2**	**759.6**

4.2 Consolidated results

4.2.1 Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2013 and 2012, in millions of euros and as a percentage of sales.

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
REPORTED			
Sales	**13,011.6**	**13,449.2**	**(3.3)%**
Gross profit	3,188.5	3,315.0	(3.8)%
Distribution and administrative expenses (1)	(2,501.6)	(2,547.6)	(1.8)%
EBITA	**686.9**	**767.4**	**(10.5)%**
Amortization (2)	(19.7)	(13.3)	47.8%
Operating income before other income and expenses	**667.2**	**754.1**	**(11.5)%**
Other income and expenses	(146.2)	(106.7)	37.0%
Operating income	521.0	647.4	(19.5)%
Financial expenses	(213.5)	(200.1)	6.7%
Share of income of associates	0.4	3.1	(87.5)%
Income taxes	(96.9)	(131.7)	(26.4)%
Net income	**211.0**	**318.6**	**(33.8)%**
as a % of sales	*1.6%*	*2.4%*	
(1) Of which depreciation and amortization.	(77.0)	(73.7)	4.5%

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,011.6**	**13,415.9**	**(3.0)%**
Same number of working days			*(2.7)%*
Gross profit	3,204.7	3,309.8	(3.2)%
as a % of sales	*24.6%*	*24.7%*	
Distribution and administrative expenses	(2,502.5)	(2,550.2)	(1.9)%
as a % of sales	*(19.2)%*	*(19.0)%*	
EBITA	**702.2**	**759.6**	**(7.6)%**
as a % of sales	***5.4%***	***5.7%***	

• Sales

In 2013, Rexel's consolidated sales amounted to €13,011.6 million, as compared to €13,449.2 million in 2012.

On a reported basis, sales were down 3.3% year-on-year, including a negative currency impact of 2.7% and a positive effect from acquisitions of 2.5%.

- The negative impact of currency amounted to €367.9 million, mainly due to the depreciation of the US, Canadian and Australian dollars and the British Pound against the euro.
- The positive effect from acquisitions amounted to €334.6 million and resulted from acquisitions made in 2012, of which Europe for €59.5 million (Société Commerciale Toutelectric (SCT) in France, Wilts Electrical Wholesale in the United Kingdom, La Grange in Belgium and Erka in Spain), North America for €250.6 million (Platt Electric Supply and Munro Distributing in the United States), Asia-Pacific for €11.1 million (Luxlight in Singapore) and Latin America for €13.4 million (Dirome in Peru and Etil in Brazil).

On a constant and same number of working days basis, sales decreased by 2.7%: of which 0.8 percentage point is due to lower copper-based cable prices as compared to 2012. By geography, Europe declined by 4.2%, North America was up by 0.6%, Asia-Pacific posted a drop of 5.4% and in Latin America sales decreased by 0.5%.

On a constant and actual number of working days basis, sales decreased by 3.0% as the calendar impact was negative at 0.3 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	YEAR-TO-DATE
Growth on a constant basis and same number of working days	(3.7)%	(3.3)%	(2.7)%	(0.9)%	(2.7)%
Number of working days effect	(2.7)%	0.3%	1.1%	(0.2)%	(0.3)%
Growth on a constant basis and actual number of working days	***(6.4)%***	***(3.0)%***	***(1.6)%***	***(1.1)%***	***(3.0)%***
Changes in scope effect	5.0%	3.6%	0.9%	0.7%	2.5%
Foreign exchange effect	(0.6)%	(1.3)%	(4.8)%	(4.0)%	(2.7)%
Total scope and currency effects	***4.4%***	***2.3%***	***(3.9)%***	***(3.4)%***	***(0.2)%***
Growth on a reported basis [(1)]	**(2.3)%**	**(0.8)%**	**(5.4)%**	**(4.4)%**	**(3.3)%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

• Gross profit

In 2013, gross profit amounted to €3,188.5 million, down 3.8% year-on-year, on a reported basis, as compared to €3,315.0 million in 2012.

On a constant basis, adjusted gross profit decreased by 3.2% and adjusted gross margin decreased by 4 basis points to 24.6% of sales, as the continuous implementation of pricing management tools and suppliers relationship development did not fully offset increased pressure from competition and negative impact of the relative weight of projects and countries with lower margin.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €2,501.6 million, down 1.8% year-on-year, on a reported basis, as compared to €2,547.6 million in 2012.

On a constant basis, adjusted distribution and administrative expenses decreased by 1.9%, while sales decreased by 3.0% on a constant and actual number of working days basis. Personnel costs decreased by 1.1%, mainly linked to the 1.9% decrease of number of employees as compared to December 31, 2012 (29,851 employees at the end of December 2013, on a full time equivalent basis). Other external expenditures declined by 3.4%.

• EBITA

In 2013, EBITA stood at €686.9 million, down 10.5% year-on-year, on a reported basis, as compared to €767.4 million in 2012.

On a constant basis, Adjusted EBITA decreased by 7.6% to €702.2 million and Adjusted EBITA margin stood at 5.4% of sales, down 26 basis points year-on-year.

• Other income and expenses

In 2013, other income and expenses represented a net expense of €146.2 million, consisting mainly of:

- €67.3 million goodwill impairment on the following cash-generating units: The Netherlands for €42.8 million, Brazil for €21.1 million, Slovenia for €2.2 million and Spain for €1.2 million, reflecting the decreasing demand of electrical supplies in these countries;
- €63.6 million restructuring costs incurred in connection with logistic reorganizations and branch closures including €56.8 million for restructuring plans in Europe, mainly in the United Kingdom, France, Sweden, Germany, Spain and The Netherlands; €4.0 million in North America and €1.9 million in Asia-Pacific.

In 2012, other income and expenses represented a net expense of €106.7 million, consisting mainly of:

- €45.7 million goodwill impairment on the following cash-generating units: The Netherlands for €23.9 million, New Zealand for €20.2 million and Slovenia for €1.6 million;
- €49.9 million restructuring costs mainly related to restructuring plans in Europe for €39.6 million, mainly in the United Kingdom, Germany, France, Sweden and in The Netherlands; in North America for €5.1 million and in Asia-Pacific for €4.4 million.

• Net Financial income / (expenses)

In 2013, net financial expenses stood at €213.5 million, as compared to €200.1 million in 2012, of which €23.5 million was a non-recurring financial expense recognized in 2013 as result of the early repayment of the 8.25% senior notes due 2016. Concurrently with the repayment of the senior notes, Rexel issued €650 million and US$ 500 million senior notes due 2020 with coupons of respectively 5.125% and 5.250%. These refinancing transactions were designed to extend maturity of the Group financing and reduce their costs. Excluding the impact of the refinancing, net financial expenses stood at €190.0 million, a 5.0% decrease as compared to 2012, driven by lower effective interest rate partially compensated by an increase in the average net debt. The effective interest rate on net debt was 6.3% in 2013 (7.0% in 2012), as a result of the refinancing and lower nominal interest rates. Effective interest rate calculated on gross debt was 5.4% in 2013 (6.3% in 2012).

• Share of profit/(loss) of associates

The share of profit of associates is comprised of DPI, Inc. profits, a US consumer electronics retail distributor. This company has been disposed of on November 27, 2013 under a stock redemption agreement entered into with DPI, Inc. as buyer for a selling price of €10.4 million.

The share of DPI, Inc.'s profit recognized in 2013 was €0.4 million, as compared to €3.1 million in 2012.

• Tax expense

In 2013, income tax expense was €96.9 million as compared to €131.7 million in 2012, a 26.4% decrease. This drop is primarily due to the decrease in pre-tax income (from €447.3 million in 2012 to €307.5 million in 2013). The impact of the decrease in pre-tax income was mitigated by the increase in the effective tax rate from 29.4% in 2012 to 31.5% in 2013 as a result of a higher non-deductible goodwill impairment expense (€67.3 million in 2013 as compared to €45.7 million in 2012) and new French tax measures including an increase in the corporate income tax rate from 36.1% to 38.0%.

• Net income

As a result of the items described above, net income stood at €211.0 million in 2013, a 33.8% decrease as compared to €318.6 million in 2012.

4.2.2 Europe (55% of Group sales)

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
REPORTED			
Sales	**7,078.6**	**7,448.6**	**(5.0)%**
Gross profit	1,897.4	2,015.2	(5.8)%
Distribution and administrative expenses	(1,442.0)	(1,479.8)	(2.6)%
EBITA	**455.5**	**535.4**	**(14.9)%**
as a % of sales	*6.4%*	*7.2%*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,078.6**	**7,437.8**	**(4.8)%**
Same number of working days			*(4.2)%*
Gross profit	1,909.5	2,006.6	(4.8)%
as a % of sales	*27.0%*	*27.0%*	
Distribution and administrative expenses	(1,442.4)	(1,482.9)	(2.7)%
as a % of sales	*(20.4)%*	*(19.9)%*	
EBITA	**467.1**	**523.7**	**(10.8)%**
as a % of sales	***6.6%***	***7.0%***	

• Sales

In 2013, sales in Europe amounted to €7,078.6 million, a decrease of 5.0% from 2012, on a reported basis, as compared to €7,448.6 million in 2012.

- Acquisitions accounted for an increase of €59.5 million.
- Exchange rate variations accounted for a decrease of €70.3 million, mainly due to the depreciation of the British Pound against the euro.

On a constant and same number of working days basis, sales decreased by 4.2% from 2012. Excluding the impact of lower photovoltaic sales in 2013 as compared to 2012, sales decreased by 3.9%, on a constant basis and same number of working days.

In **France,** sales amounted to €2,423.7 million in 2013, a 2.1% decrease as compared to 2012 on a constant and same number of working days basis, affected by the low level of residential and industrial markets, partly offset by a good performance on large projects in the commercial segment and lighting products.

In the **United Kingdom,** sales amounted to €950.7 million in 2013, a decrease of 5.8% from 2012 on a constant and same number of working days basis, reflecting the unfavorable impact of branch closures and photovoltaic sales. Excluding these effects, the performance stood at -3.6%.

In **Germany,** sales amounted to €804.0 million in 2013, a 6.0% decrease from 2012 on a constant and same number of working days basis. Excluding photovoltaic sales, sales were down 4.5% from 2013 on a constant and same number of working days basis, reflecting a slowdown in the industrial end-market and in residential construction.

In **Scandinavia** sales amounted to €888.1 million in 2013, a decrease of 3.6% from 2012 on a constant and same number of working days basis, representing a contrasted situation: sales decreased by 15.0% in Finland, reflecting continued challenging macro-economic conditions, while Norway and Sweden posted respectively a -1.8% and +1.1% performance.

In **Belgium** and in **The Netherlands,** sales amounted respectively to €300.0 million and €235.3 million in 2013.

Sales in Belgium decreased by 12.7% affected by a drop in photovoltaic sales. Excluding this impact, sales decreased by 6.0%.

Sales in The Netherlands posted a 13.1% decline from 2012 on a constant and same number of working days basis, as a result of difficult market conditions and an ongoing company reorganization process.

In **Switzerland** and **Austria,** sales amounted respectively to €402.0 million and €309.3 million in 2013. Both countries showed a resilient performance in a difficult European environment and posted respectively a 0.2% decrease and 1.5% decrease from 2012 on a constant and same number of working days basis.

In **Southern Europe,** sales amounted to €387.6 million in 2013, a 5.6% decrease from 2012 on a constant and same number of working days basis. This reflects a -1.6% performance in Spain favored by good performance of the overseas operations of the Group's Spanish entities and a 10.6% drop in Italy.

- Gross profit

In 2013, Europe recorded a gross profit of €1,897.4 million, down 5.8% year-on-year, on a reported basis, as compared to €2,015.2 million in 2012.

On a constant basis, adjusted gross profit decreased by 4.8% and adjusted gross margin remained stable at 27.0% of sales thanks to pricing management which compensated for difficult market conditions.

- Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €1,442.0 million, down 2.6% year-on-year, on a reported basis, as compared to €1,479.8 million in 2012.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.7% in 2013, while sales decreased by 4.8% on a constant and actual number of working days basis. Personnel costs decreased by 2.2% as compared to 2012. This decrease is mainly related to a reduction of workforce (16,750 employees at December 31, 2013, a 1.8% decrease compared to December 31, 2012). Other external expenditures decreased by 3.5% as compared to 2012.

- EBITA

As a result, EBITA amounted to €455.5 million in 2013, a 14.9% decrease from 2012, on a reported basis, as compared to €535.4 million in 2012.

On a constant basis, Adjusted EBITA decreased by 10.8% while the Adjusted EBITA margin decreased by 44 basis points to 6.6% of sales.

4.2.3 North America (34% of Group sales)

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
REPORTED			
Sales	**4,441.1**	**4,348.6**	**2.1%**
Gross profit	978.5	945.7	3.5%
Distribution and administrative expenses	(748.3)	(720.1)	3.9%
EBITA	**230.2**	**225.6**	**2.0%**
as a % of sales	*5.2%*	*5.2%*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,441.1**	**4,417.6**	**0.5%**
Same number of working days			*0.6%*
Gross profit	982.3	969.9	1.3%
as a % of sales	*22.1%*	*22.0%*	
Distribution and administrative expenses	(748.7)	(738.4)	1.4%
as a % of sales	*(16.9)%*	*(16.7)%*	
EBITA	**233.5**	**231.5**	**0.9%**
as a % of sales	***5.3%***	***5.2%***	

• Sales

In 2013, sales in North America amounted to €4,441.1 million, up 2.1% year-on-year, on a reported basis, as compared to €4,348.6 million in 2012.

- The acquisitions of Platt Electric Supply and Munro Distributing in the United States, accounted for €250.6 million increased sales.
- Unfavorable exchange rate variations accounted for €181.6 million, due to the depreciation of both US and Canadian dollars against the euro.

On a constant and same number of working days basis, sales increased by 0.6% in 2013 compared to 2012.

In the **United States,** sales rose to €3,217.4 million in 2013, an increase of 2.1% from 2012 on a constant and same number of working days basis, still impacted by the drop in wind-power activity, due to a change in tax incentives in July 2012. Excluding wind-power activity, sales increased by 3.1% from 2012 on a constant and same number of working days basis. This growth was driven by the residential end-market.

In **Canada,** sales amounted to €1,223.7 million in 2013, down by 3.4% from 2012 on a constant and same number of working days basis, mainly due to lower projects.

• Gross profit

In 2013, in North America, gross profit amounted to €978.5 million, up 3.5% year-on-year, on a reported basis, as compared to €945.7 million in 2012.

On a constant basis, adjusted gross profit increased by 1.3% and adjusted gross margin increased by 16 basis points compared with 2012 at 22.1% of sales, driven mainly by better purchasing conditions.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €748.3 million, up 3.9% year-on-year, on a reported basis, as compared to €720.1 million in 2012.

On a constant basis, adjusted distribution and administrative expenses increased by 1.4% in 2013, as compared to the 0.5% increase in sales on a constant and actual number of working days basis. Personnel costs increased by 2.9% from 2012, partially compensated by a decrease of other external and bad debt expenses as compared to 2012. In addition, the workforce stood at 8,613 employees as of December 31, 2013.

- EBITA

As a result, EBITA rose to €230.2 million in 2013, up 2.0% year-on-year, on a reported basis, as compared to €225.6 million in 2012.

On a constant basis, Adjusted EBITA rose by 0.9% from 2013 and the Adjusted EBITA margin increased by 2 basis points to 5.3% of sales.

4.2.4 Asia-Pacific (9% of Group sales)

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
REPORTED			
Sales	**1,196.8**	**1,341.9**	**(10.8)%**
Gross profit	244.8	281.2	(13.0)%
Distribution and administrative expenses	(195.9)	(221.2)	(11.4)%
EBITA	**48.9**	**60.0**	**(18.6)%**
as a % of sales	*4.1%*	*4.5%*	

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,196.8**	**1,265.7**	**(5.4)%**
Same number of working days			*(5.4)%*
Gross profit	244.8	264.9	(7.6)%
as a % of sales	*20.5%*	*20.9%*	
Distribution and administrative expenses	(195.9)	(207.0)	(5.4)%
as a % of sales	*(16.4)%*	*(16.4)%*	
EBITA	**48.9**	**57.9**	**(15.5)%**
as a % of sales	***4.1%***	***4.6%***	

- Sales

In 2013, sales in Asia-Pacific amounted to €1,196.8 million, down 10.8% year-on-year, on a reported basis, as compared to €1,341.9 million in 2012.

- The acquisition of Luxlight in Singapore contributed €11.1 million.
- Unfavorable exchange rate variation accounted for €87.3 million of the decrease, primarily due to the depreciation of the Australian dollar against the euro.

On a constant and same number of working days basis, sales decreased by 5.4% in 2013.

In **Australia,** sales amounted to €605.1 million, a 12.7% decrease from 2012, on a constant and same number of working days basis. Macro-economic conditions remained difficult and sales were also affected by 7 branch closures and a slowdown in the mining segment. Excluding the unfavorable branch closure effect, sales decreased by 10.4% compared to 2012.

In **China,** sales amounted to €369.5 million in 2013 and a 4.6% increase compared to 2012, on a constant and same number of working days basis. Sales have been affected by lower wind-power segment sales following the anti-dumping tax that the United States enforced last year. Excluding the wind-power activity, sales grew by 6.1%, on a constant and same number of working days basis compared to 2012.

• Gross profit

In 2013, in Asia-Pacific, gross profit amounted to €244.8 million, down 13.0%, on a reported basis, as compared to €281.2 million in 2012.

On a constant basis, adjusted gross profit decreased by 7.6% from 2012 and adjusted gross margin was 20.5% of sales, a 47 basis points decrease from 2012, mainly due to the increasing portion of zone revenues generated by Asian countries whose gross margin is below the zone average.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €195.9 million, a 11.4% decrease, on a reported basis, as compared to €221.2 million in 2012.

On a constant basis, adjusted distribution and administrative expenses decreased by 5.4% from 2012, while sales decreased by 5.4% on a constant and actual number of working days basis. Personnel costs decreased by 4.1%, although workforce decreased by 1.9% compared to December 31, 2012 (2,705 employees at December 31, 2013). Moreover, other external expenses decreased by 9.5% from 2012.

• EBITA

As a result, EBITA amounted to €48.9 million in 2013, down 18.6% year-on-year, on a reported basis, as compared to €60.0 million in 2012.

On a constant basis, Adjusted EBITA decreased by 15.5% from 2012. Adjusted EBITA margin decreased by 48 basis points to 4.1% of sales.

4.2.5 Latin America (2% of Group sales)

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
REPORTED			
Sales	**294.8**	**310.0**	**(4.9)%**
Gross profit	67.5	70.9	(4.8)%
Distribution and administrative expenses	(67.0)	(64.8)	3.4%
EBITA	**0.5**	**6.2**	**(91.1)%**
as a % of sales	*0.2%*	*2.0%*	

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**294.8**	**294.6**	**0.1%**
Same number of working days			*(0.5)%*
Gross profit	67.9	66.6	1.9%
as a % of sales	*23.0%*	*22.6%*	
Distribution and administrative expenses	(67.0)	(60.5)	10.8%
as a % of sales	*(22.7)%*	*(20.5)%*	
EBITA	**0.9**	**6.2**	**(85.2)%**
as a % of sales	***0.3%***	***2.1%***	

• Sales

In 2013, sales in Latin America amounted to €294.8 million, down 4.9% from 2012, on a reported basis, as compared to €310.0 million in 2012.

- Peruvian and Brazilian entities acquired in 2012 contributed €13.4 million.
- Exchange rate variation, primarily due to the depreciation of the Brazilian Real against the euro, had a negative impact of €28.8 million.

On a constant and same number of working days basis, sales decreased by 0.5% from 2012. Sales in Brazil (59% of sales in this segment) increased by 4.4%, mainly driven by large customers. Whereas Chilean operations (32% of sales in this segment) posted a 10.0% decrease in sales compared to 2012, due to cyclical sales in mining sector. In addition, sales in Peru (8% of sales in this segment) increased by 8.0%.

• Gross profit

In 2013, in Latin America, gross profit amounted to €67.5 million, down 4.8% year-on-year, on a reported basis, as compared to €70.9 million in 2012.

On a constant basis, the adjusted gross profit increased by 1.9% from 2012 and adjusted gross margin was 23.0% of sales, an increase of 42 basis points from 2012, positively impacted by lower project activity in Chile, whose margin is lower.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €67.0 million, up 3.4% year-on-year, on a reported basis, as compared to €64.8 million in 2012.

On a constant basis, adjusted distribution and administrative expenses increased by 10.8% from 2012, while sales increased by 0.1% on a constant and actual number of working days. Personnel costs decreased by 0.5% whereas the workforce decreased by 12.6% compared to December 31, 2012 (1,552 employees at December 31, 2013), mainly due to strong salary inflation in Brazil. In addition, distribution costs were incurred to build up a centralized logistic platform in Brazil.

• EBITA

As a result, EBITA was €0.5 million in 2013, down 91.1% year-on-year, on a reported basis, as compared to €6.2 million in 2012.

On a constant basis, Adjusted EBITA decreased by 85.2% compared to 2012. Adjusted EBITA margin decreased by 178 basis points to 0.3% of sales.

4.2.6 Other operations

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
REPORTED			
Sales	**0.3**	**0.2**	**30.9%**
Gross profit	0.3	1.9	(86.5)%
Distribution and administrative expenses	(48.5)	(61.7)	(21.5)%
EBITA	**(48.2)**	**(59.8)**	**(19.4)%**
as a % of sales	*NA*	*NA*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**0.3**	**0.2**	**35.3%**
Same number of working days			*35.3%*
Gross profit	0.3	1.8	(86.1)%
as a % of sales	*NA*	*NA*	
Distribution and administrative expenses	(48.5)	(61.5)	(21.1)%
as a % of sales	*NA*	*NA*	
EBITA	**(48.2)**	**(59.6)**	**(19.2)%**
as a % of sales	***NA***	***NA***	

This segment mostly includes unallocated corporate overhead expenses, which reduced by €11.4 million over last year, which included the positive impact of lower share-based expenses.

4.3 Cash flow statement

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change
Operating cash flow[(1)]	**674.0**	**748.5**	**(74.5)**
Interest	(169.3)	(169.7)	0.4
Taxes	(94.2)	(143.4)	49.2
Change in working capital requirements	50.6	(37.2)	87.8
Net cash flow from operating activities	**461.1**	**398.2**	**62.9**
Net cash flow from investing activities	**(75.6)**	**(675.2)**	**599.6**
Including operating capital expenditures[(3)]	*(72.1)*	*(83.8)*	*11.7*
Net cash flow from financing activities	**279.7**	**151.1**	**128.6**
Net cash flow	**665.2**	**(125.9)**	**791.1**
Free cash flow:			
Operating cash flow[(1)]	674.0	748.5	(74.5)
Change in working capital requirements	50.6	(37.2)	87.8
Adjustment for timing difference in suppliers payments[(2)]	(51.9)	–	(51.9)
Operating capital expenditures[(3)]	(72.1)	(83.8)	11.7
Free cash flow before interest and taxes	**600.6**	**627.5**	**(26.9)**
Free cash flow after interest and taxes	**337.2**	**314.4**	**22.8**

	DECEMBER 31,	
WCR as a % of sales [(4)] at:	**2013**	**2012**
Reported basis	10.6%	10.6%
Constant basis	11.4%	11.2%

(1) Before interest, taxes and change in working capital requirements.
(2 Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014 for €51.9 million.
(3) Net of disposals.
(4) Working capital requirements, end of period, divided by last 12-month sales.

4.3.1 Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an inflow of €461.1 million in 2013 compared to an inflow of €398.2 million in 2012.

- Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €748.5 million in 2012 to €674.0 million in 2013. This mainly resulted from the €77.2 million decrease in EBITDA from €841.1 million in 2012 to €763.9 million in 2013, primarily as a result of lower sales in 2013 compared to 2012.

- Interest and taxes

In 2013, Interest paid totaled €169.3 million, stable compared to 2012. The impact of the decrease in the effective interest rate from 7.0% in 2012 to 6.3% in 2013 was offset by: (i) an increase in the average net debt as a result of the financing of the acquisitions completed in the second half of 2012 (Platt and Munro), and (ii) a break out premium received on an interest rate derivative that positively impacted interest paid in 2012.

In 2013, income tax paid was €94.2 million compared to €143.4 million paid in 2012, due to lower income tax installments paid in 2013 based on anticipated lower taxable income.

• Change in working capital requirements

In 2013, change in working capital requirements accounted for an inflow of €50.6 million compared to an outflow of €37.2 million in 2012. Adjusted for timing difference in supplier payments of €51.9 million, change in working capital requirements improved by €35.9 million as compared to 2012, mainly due to lower change in inventories and trade payables partially offset by lower change in trade receivables.

As a percentage of sales over the last 12 months and adjusted for timing difference in supplier payments, working capital requirements amounted to 10.6% of sales as of December 31, 2013, in line with 2012. On a constant basis, working capital requirements deteriorates by 20 basis points compared to 2012. This increase in working capital requirements is due to a slight increase in the number of days of inventory and in the number of days of sales outstanding, as of December 31, 2013 compared to December 31, 2012.

4.3.2 Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €75.6 million outflow in 2013, compared to an outflow of €675.2 million in 2012.

	PERIOD ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Acquisition of operating fixed assets	(102.3)	(90.6)
Gain/(loss) on disposal of operating fixed assets	22.9	7.1
Net change in debts and receivables on fixed assets	7.3	(0.3)
Net cash flow from operating investing activities	**(72.1)**	**(83.8)**
Acquisition of subsidiaries, net of cash acquired	(12.7)	(595.6)
Proceeds from disposal of subsidiaries, net of cash disposed of	10.4	–
Dividends received from equity associates	–	3.8
Net cash flow from financial investing activities	**(2.3)**	**(591.8)**
Net change in long-term investments	**(1.0)**	**0.4**
Net cash flow from investing activities	**(75.6)**	**(675.2)**

• Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €72.1 million in 2013, compared to an €83.8 million outflow in 2012.

In 2013, gross capital expenditures amounted to €102.3 million, *i.e.* 0.8% of sales for the period (€90.6 million and 0.7% of sales in 2012), of which €44.7 million related to IT systems (€45.5 million in 2012), €22.5 million to branch acquisition and renovation (€24.8 million in 2012), €14.9 million to logistics (€17.0 million in 2012) and €20.2 million to other investments which includes mainly the relocation of Rexel's corporate head office (€3.3 million in 2012). Disposals of fixed assets in 2013 amounted to €22.9 million (€7.1 million in 2012). Net changes in the related payables and receivables amounted to €7.3 million, accounting for a decrease in net capital expenditures for the period (€0.3 million increase for 2012).

• Financial investments

Financial investments resulted in a net cash-out of €2.3 million in 2013 compared to a net outflow of €591.8 million in 2012.

In 2013, acquisitions net of cash of acquired entities accounted for an outflow of €12.7 million. These investments mainly include Rexel Quality Trading Co. Ltd in Thailand and Lenn International Pte Ltd in Singapore.

In 2013, proceeds from disposal of subsidiaries, net of cash disposed of accounted for an inflow of €10.4 million, from the redemption of the Company's shares in DPI Inc. on November 27, 2013.

In 2012, acquisitions resulted in an outflow of €595.6 million. These investments consisted mainly of Platt Electric Supply and Munro Distributing company in the United States, Société Commerciale Toutelectric in France, Liteco in Canada, La Grange in Belgium, Etil in Brazil, Wilts in the United Kingdom, Erka in Spain, Dirome in Peru and Luxlight Pte Ltd in Singapore.

4.3.3 Cash flow from financing activities

Cash flow from financing activities included mainly changes in indebtedness.

In 2013, cash flow from financing activities reflected additional net inflow of €279.7 million, resulting mainly from the:

- US$ 500 million and €650 million issuance of senior notes accounting for €1,025.2 million net of transaction costs,
- redemption of the 8.25% senior notes due 2016 for €640.3 million including a redemption premium of €54.0 million,
- decrease in other borrowings amounting to €55.8 million, primarily consisting of the reimbursement of the Senior Credit Agreement for €25.9 million,
- dividend distribution in cash of €53.1 million,
- repayment of financing lease obligation of €48.9 million,
- increase of €16.9 million in assigned receivables with respect to securitization programs.

In 2012, cash flow from financing activities reflected additional net inflows of €151.1 million, resulting mainly from the:

- US$ 500 million issuance of senior notes amounting to €366.2 million net of transaction costs,
- dividend distribution in cash of €143.0 million,
- buy-back of €69.1 million of senior notes due December 15, 2016,
- the acquisition of remaining non-controlling interest of Suzhou Xidian Co. company in China for €22.2 million,
- €14.8 million increase in assigned receivables with respect to securitization programs,
- increase of financing lease obligation of €9.4 million,
- decrease in other borrowings amounting to €9.1 million, and net purchase of treasury shares of €1.5 million,
- €2.6 million increase in drawings under the senior credit facilities.

4.4 Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines.

At December 31, 2013, Rexel's consolidated net debt amounted to €2,192.0 million, consisting of the following items:

	DECEMBER 31,					
	2013			2012		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,835.6	1,835.6	–	1,504.3	1,504.3
Credit facility	–	–	–	–	25.9	25.9
Securitization	–	1,067.5	1,067.5	351.7	747.8	1,099.5
Bank loans	35.6	19.2	54.8	43.3	16.7	60.0
Commercial paper	119.1	–	119.1	114.8	–	114.8
Bank overdrafts and other credit facilities	54.3	–	54.3	77.6	–	77.6
Finance lease obligations	7.3	24.7	32.0	51.2	31.1	82.3
Accrued interest (1)	11.6	–	11.6	9.4	–	9.4
Less transaction costs	(11.2)	(38.8)	(50.0)	(20.5)	(22.6)	(43.1)
Total financial debt and accrued interest	***216.7***	***2,908.2***	***3,124.9***	***627.6***	***2,303.2***	***2,930.8***
Cash and cash equivalents			(957.8)			(291.9)
Debt hedge derivative			25.1			(39.8)
Net financial debt			**2,192.0**			**2,599.2**

(1) Of which accrued interest on Senior Notes in the amount of €4.6 million at December 31, 2013 (€4.5 million at December 31, 2012).

The components of the net financial debt are described in detail in note 20 of Rexel's consolidated financial statements at December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

At December 31, 2013, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2013		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Negative	Stable	Stable
Short-term debt	NP	B	B

At December 31, 2012, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2012		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Stable	Stable	Stable
Short-term debt	NP	B	B

Other Rexel Group commitments are detailed in note 23 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

4.5 Outlook

The objectives and forecast presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown to the Rexel Group as of the date of this Document de Référence. In addition, the occurrence of certain of the risks described in chapter 2 "Risk Factors and Internal Control" of this Document de Référence could have an impact on the business, the financial condition, and the results of operations of the Rexel Group and hence its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives and forecast will be met.

4.5.1 Comparison of Rexel Group 2013 outlook and estimates with achievements

For 2013, Rexel had expressed the following objectives, which are set forth in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013 under number D.13-0130 and updated on July 26, 2013 at the time of publication of the 2013 first half results:

- organic sales down by 2% to 3% compared to 2012, taking into account the market conditions which are expected to remain challenging, particularly in Europe and in the Pacific, and assuming no rebound in the price of copper occurs in the second half of 2013;
- an Adjusted EBITA margin in the range of 5.5% to 5.6%; and
- a net free cash-flow before interest and tax in excess of €600 million, *i.e.* approximately €300 million after interest and tax.

On the basis of Rexel's consolidated financial statements for the financial year ended on December 31, 2013, Rexel recorded consolidated sales of €13,011.6 million, down 2.7% on a constant and same-day basis, while the Adjusted EBITA margin stood at 5.4%, the net free cash flow before interest and taxes stood at €600.6 million and the net free cash flow after interest and taxes at €337.2 million.

4.5.2 Rexel Group medium-term objectives

As detailed during its Investor Day, held on November 26, 2013, Rexel will remain focused on four business imperatives:

- accelerate its strategic high-growth initiatives,
- enhance its customer-centricity model in its mainstream electrical distribution business,
- boost growth through acquisitions and remain a leading market consolidator,
- drive operational excellence as an enabler for profitable growth,

and confirms its medium-term ambitions:

- outperform the market through a combination of organic growth and targeted acquisitions,
- grow Adjusted EBITA margin to around 6.5% within 3 to 5 years,
- generate strong free cash-flow before interest and tax of at least 75% of EBITDA and after interest and tax of around 40% of EBITDA,
- maintain a sound and balanced financial structure, with a net-debt-to-EBITDA ratio not exceeding 3 times.

4.5.3 Rexel Profit Forecast

4.5.3.1 Assumptions

2014 forecast includes the following assumptions:

- a progressive recovery of the American market, especially in the industrial and non-residential segments, a globally stable European market, continuing growth in emerging markets and a still difficult Australian market;
- the scope at December 31, 2013 and same number of working days;
- major foreign exchange rates of 1 euro for 1.35 United States Dollar, 1.40 Canadian Dollar, 1.50 Australian Dollar and 0.85 British Pound;
- copper price at 7,000$/ton, close to its level at the end of December 2013.

4.5.3.2 Profit Forecast

Based on the assumptions described in the previous section, Rexel aims at delivering in 2014:

- sales in a range of around 1% below to around 2% above 2013 sales, on a constant and same-day basis,
- Adjusted EBITA margin in a range of around 10bps below to around 20 bps above the 2013 margin, consistent with targeted annual operating efficiency ratio of a change of around 10 bps in Adjusted EBITA margin for each percentage point change in sales,
- solid free cash flow, consistent with targeted conversion rate of at least 75% of EBITDA, before interest and tax, and of around 40% of EBITDA, after interest and tax.

4.5.3.3 Statutory Auditors' Report on Profit Forecast

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Statutory auditors' report on the profit forecast

To the Chairman of the Supervisory Board,

In our capacity as statutory auditors and in compliance with the EU Regulation 809/2004, we hereby report on the profit forecast for Rexel which is included in section 4 of its *"Document de référence"*.

In accordance with EU Regulation 809/2004 and the relevant ESMA guidance, you are responsible for the preparation of this forecast and its principal underlying assumptions.

It is our responsibility to express our conclusion, pursuant to appendix 1, paragraph 13.2 of the EU Regulation 809/2004, as to the proper compilation of the profit forecast.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the French national auditing body *(Compagnie nationale des commissaires aux comptes)*. Our work consisted in an assessment of the preparation process for the profit forecast, as well as the procedures implemented to ensure that the accounting methods applied are consistent with those used for the preparation of the historical financial information of Rexel. We also gathered all the relevant information and explanations that we deemed necessary to obtain reasonable assurance that the profit forecast has been properly compiled on the basis stated.

It should be noted that, given the uncertain nature of forecasts, the actual figures are likely to be significantly different from those forecast and that we do not express a conclusion on the achievability of these figures.

We conclude that:

- this profit forecast has been properly compiled on the basis stated;
- the accounting methods applied in the preparation of the profit forecast are consistent with the accounting principles adopted by Rexel.

This report is issued for the sole purpose of the registration of Rexel's *"Document de référence"* with the French Stock Exchange Regulatory Body (AMF), and if required, of a public offering in France and other European Union countries in which a prospectus (comprising the *"Document de référence"*) registered with the AMF would be published, and may not be used for any other purpose.

Neuilly-sur-Seine and Paris-La Défense, March 20, 2014

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit
Christian Perrier

ERNST & YOUNG Audit
Philippe Diu

4.6 Significant changes in the issuer's financial or commercial position

To Rexel's knowledge, and with the exception of the items described in this *Document de Référence*, there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2013.

Consolidated Financial Statements

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this *Document de Référence*:

– the consolidated financial statements and the audit report for the financial year ended December 31, 2012 set out on pages 97 to 162 of the *Document de Référence* for the financial year ended December 31, 2012 filed with the AMF on March 13, 2013 under number D.13-0130; and

– the consolidated financial statements and the audit report for the financial year ended December 31, 2011 set out on pages 96 to 154 of the *Document de Référence* for the financial year ended December 31, 2011 filed with the AMF on March 15, 2012 under number D.12-0164.

5.1 Consolidated Financial Statements as of December 31, 2013

Consolidated income statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	**2013**	**2012**
Sales	4	13,011.6	13,449.2
Cost of goods sold		(9,823.1)	(10,134.2)
Gross profit		**3,188.5**	**3,315.0**
Distribution and administrative expenses	5	(2,521.3)	(2,560.9)
Operating income before other income and expenses		**667.2**	**754.1**
Other income	7	11.4	15.9
Other expenses	7	(157.6)	(122.6)
Operating income		**521.0**	**647.4**
Financial income		2.5	2.3
Interest expense on borrowings		(167.4)	(178.8)
Refinancing costs	20.1.2	(23.5)	–
Other financial expenses		(25.1)	(23.7)
Net financial expenses	*8*	*(213.5)*	*(200.1)*
Share of profit / (loss) of associates	10.4	0.4	3.1
Net income before income tax		**307.9**	**450.3**
Income tax	9	(96.9)	(131.7)
Net income		**211.0**	**318.6**
Portion attributable:			
to the Group		210.6	318.1
to non-controlling interests		0.4	0.5
Earnings per share:			
Basic earnings per share (in euros)	17	0.76	1.18
Fully diluted earnings per share (in euros)	17	0.75	1.16

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Net income	**211.0**	**318.6**
Items to be reclassified to profit and loss		
Net gain / (loss) on net investment hedges	46.4	8.9
Income tax	(13.5)	(2.0)
Sub-total	**32.9**	**6.9**
Foreign currency translation adjustment	(199.8)	2.2
Income tax	6.4	(0.6)
Sub-total	**(193.4)**	**1.6**
Net gain / (loss) on cash flow hedges	2.3	3.9
Income tax	(1.0)	(0.9)
Sub-total	**1.3**	**2.8**
Items not to be reclassified to profit and loss		
Remeasurements of net defined benefit liability	103.4	(133.8)
Income tax	(19.6)	22.6
Sub-total	**83.7**	**(111.1)**
Other comprehensive income / (loss) for the period, net of tax	*(75.5)*	*(99.7)*
Total comprehensive income for the period, net of tax	**135.5**	**218.9**
Portion attributable:		
to the Group	135.5	218.4
to non-controlling interests	–	0.5

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

(in millions of euros)	NOTE	AS OF DECEMBER 31, 2013	2012
ASSETS			
Goodwill	10.1	4,111.2	4,369.2
Intangible assets	10.1	1,038.3	1,035.8
Property, plant and equipment	10.2	278.1	282.7
Long-term investments	10.3	51.7	79.5
Investments in associates	10.4	–	10.8
Deferred tax assets	9.2	162.9	171.9
Total non-current assets		**5,642.2**	**5,949.9**
Inventories	11.1	1,389.5	1,426.7
Trade accounts receivable	11.2	2,062.8	2,123.9
Current tax assets		18.3	26.1
Other accounts receivable	11.3	467.8	476.4
Assets held for sale	12	3.4	21.2
Cash and cash equivalents	13	957.8	291.9
Total current assets		**4,899.7**	**4,366.2**
Total assets		**10,541.9**	**10,316.1**
EQUITY			
Share capital	15	1,416.7	1,359.6
Share premium	15	1,510.8	1,418.3
Reserves and retained earnings		1,287.1	1,331.4
Total equity attributable to equity holders of the parent		**4,214.6**	**4,109.3**
Non-controlling interests		10.1	8.3
Total equity		**4,224.7**	**4,117.6**
LIABILITIES			
Interest bearing debt (non-current part)	20	2,908.2	2,303.2
Employee benefits	19	243.4	372.9
Deferred tax liabilities	9.2	172.1	152.3
Provision and other non-current liabilities	18	108.0	101.8
Total non-current liabilities		**3,431.7**	**2,930.1**
Interest bearing debt (current part)	20	205.2	618.3
Accrued interest	20	11.6	9.3
Trade accounts payable		2,009.9	1,937.2
Income tax payable		37.2	42.6
Other current liabilities	22	621.6	661.1
Total current liabilities		**2,885.5**	**3,268.5**
Total liabilities		**6,317.2**	**6,198.6**
Total equity and liabilities		**10,541.9**	**10,316.1**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		521.0	647.4
Depreciation, amortization and impairment of assets	5 – 7	169.8	133.7
Employee benefits		(24.7)	(37.3)
Change in other provisions		(8.2)	(17.4)
Other non-cash operating items		16.0	22.1
Interest paid		(169.3)	(169.7)
Income tax paid		(94.2)	(143.4)
Operating cash flows before change in working capital requirements		**410.4**	**435.4**
Change in inventories		(25.5)	(76.8)
Change in trade receivables		(23.1)	113.7
Change in trade payables		144.1	(55.5)
Changes in other working capital items		(45.0)	(18.6)
Change in working capital requirements		**50.6**	**(37.2)**
Net cash from operating activities		**461.1**	**398.2**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(95.2)	(90.9)
Proceeds from disposal of tangible and intangible assets		22.9	7.1
Acquisition of subsidiaries, net of cash acquired	3.1	(12.7)	(595.6)
Proceeds from disposal of subsidiaries, net of cash disposed of	10.4	10.4	–
Change in long-term investments		(1.0)	0.4
Dividends received from associates		–	3.8
Net cash from investing activities		**(75.6)**	**(675.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital	15	3.2	2.9
Disposal / (Purchase) of treasury shares		2.2	(1.5)
Acquisition of non-controlling interests		–	(22.2)
Issuance of senior notes net of transaction costs	20.2	1 025.2	366.2
Repayment / Buy-out of senior notes due 2016	20.2	(640.3)	(69.1)
Settlement of interest rate swaps qualified as fair value hedge	20.2	30.4	–
Net change in credit facilities and other financial borrowings	20.2	(55.8)	(6.4)
Net change in securitization	20.2	16.9	14.8
Net change in finance lease liabilities	20.2	(48.9)	9.4
Dividends paid	15	(53.1)	(143.0)
Net cash from financing activities		**279.7**	**151.1**
Net (decrease) / increase in cash and cash equivalents		**665.2**	**(125.9)**
Cash and cash equivalents at the beginning of the period		291.9	413.7
Effect of exchange rate changes on cash and cash equivalents		0.8	4.1
Cash and cash equivalents at the end of the period		**957.9**	**291.9**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in shareholders' equity

(in millions of euros)	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	CASH FLOW HEDGE RESERVE	REMEASUREMENT OF NET DEFINED BENEFIT LIABILITY	TOTAL ATTRIBUTABLE TO THE GROUP	NON-CONTROLLING INTERESTS	TOTAL
FOR THE YEAR ENDED DECEMBER 31, 2012										
As of January 1, 2012		**1,344.1**	**1,412.2**	**1,188.0**	**129.7**	**(5.8)**	**(37.8)**	**4,030.4**	**11.5**	**4,041.9**
Net income		–	–	318.1	–	–	–	318.1	0.5	318.6
Other comprehensive income		–	–	–	8.6	2.8	(111.1)	(99.7)	–	(99.7)
Total comprehensive income for the period		**–**	**–**	**318.1**	**8.6**	**2.8**	**(111.1)**	**218.4**	**0.5**	**218.9**
Appropriation of net income	15	–	–	(173.5)	–	–	–	(173.5)	–	(173.5)
Share capital increase		15.5	6.1	11.8	–	–	–	33.4	–	33.4
Share based payments [1]		–	–	21.0	–	–	–	21.0	–	21.0
Acquisition of non-controlling interests		–	–	(18.9)	0.5	–	–	(18.4)	(3.7)	(22.1)
Disposal (Purchase) of treasury shares		–	–	(2.0)	–	–	–	(2.0)	–	(2.0)
As of December 31, 2012		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
FOR THE YEAR ENDED DECEMBER 31, 2013										
As of January 1, 2013		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
Net income		–	–	210.6	–	–	–	210.6	0.4	211.0
Other comprehensive income		–	–	–	(160.2)	1.3	83.8	(75.1)	(0.4)	(75.5)
Total comprehensive income for the period		**–**	**–**	**210.6**	**(160.2)**	**1.3**	**83.8**	**135.5**	**–**	**135.5**
Appropriation of net income	15	–	–	(203.1)	–	–	–	(203.1)	(0.1)	(203.2)
Share capital increase	15	57.1	92.5	4.2	–	–	–	153.8	2.0	155.8
Share based payments [1]		–	–	17.2	–	–	–	17.2	–	17.2
Acquisition of non-controlling interests		–	–	0.1	–	–	–	0.1	(0.1)	–
Disposal (Purchase) of treasury shares		–	–	1.8	–	–	–	1.8	–	1.8
As of December 31, 2013		**1,416.7**	**1,510.8**	**1,375.3**	**(21.4)**	**(1.7)**	**(65.1)**	**4,214.6**	**10.1**	**4,224.7**

(1) Of which €14.4 million (€19.9 million in 2012) free shares expense (see note 16.4) and €2.7 million relating to the tax effect of free shares allocated in the United States (€1.1 million in 2012).

The accompanying notes are an integral part of these consolidated financial statements.

Accompanying notes

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as “the Group” or “Rexel”).

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (mainly Brazil and Chile).

These consolidated financial statements cover the period from January 1 to December 31, 2013, and were authorized for issue by the Management Board on February 6, 2014.

2. Significant accounting policies

2.1 Statement of Compliance

The consolidated financial statements (hereafter referred to as “the financial statements”) for the period ending December 31, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force as at December 31, 2013.

IFRS as adopted by the European Union can be consulted on the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 Basis of Preparation

The financial statements are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

They are prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, and financial instruments classified as available-for-sale.

Long-term assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

Information related to the main estimates and judgments made on the application of accounting policies which have significant effect on the financial statements are described in the following notes:

- Business combinations (notes 2.5 and 3),
- Impairment of intangible assets and goodwill (notes 2.5, 2.8, and 10.1),
- Employee benefits (notes 2.14 and 19),
- Provisions and contingent liabilities (notes 2.16, 18, and 25),
- Measurement of financial instruments (notes 2.10.4 and 21),
- Recognition of deferred tax assets (notes 2.20 and 9),
- Measurement of share-based payments (notes 2.15 and 16).

2.2.1 Changes in accounting policies and amended standards and interpretations

Effective January 1, 2013, the Group has applied the following new amendments, standards and interpretations previously endorsed by the European Union. Their application has no material effect on the Group’s financial statements.

The application of IFRS 10, IFRS 11, IFRS 12 and their subsequent amendments are compulsory for fiscal years starting on January 1, 2014. The Group opted for the early adoption of these standards.

- IFRS 10 “Consolidated Financial Statements” provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities”.

- IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as was previously the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.
- IFRS 12 “Disclosures of Interests in Other Entities” combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The adoption of these standards did not have any impact on the Group’s financial situation as Rexel holds a 100% ownership interest in most of its direct and indirect subsidiaries or has contractually the control over the operations in the rare cases where non-controlling interests are participating in the share capital.

In addition, following the issuance of IFRS 10, IFRS 11 and IFRS 12, IAS 27 and IAS 28 have been revised as follows:

- IAS 27 “Separate Financial Statements” now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and
- IAS 28 “Investments in Associates and Joint Ventures” prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 13 “Fair Value Measurement” defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about its measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. IFRS 13 is applicable for fiscal years starting on January 1, 2013 on prospective basis. As of December 31, 2013, the fair value of derivatives has been adjusted to reflect the credit risk associated to Rexel and its counterparties. This adjustment was estimated based on counterparty credit spreads observed on the market and taking into account a probability of recovery. IFRS 13 also requires specific disclosures on fair values. These disclosures are provided in note 14 and in note 22. As of December 31, 2013, the fair value adjustment related to the non-performance risk according to IFRS 13 guidance was recognized in the income statement for €3.1million after tax (€4.8 million before tax).

The amendment to IFRS 7 “Disclosures – Offsetting Financial Assets and Financial Liabilities” increases disclosures requirements to improve comparability with US GAAP with regard to the set-off of financial instruments.

The amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities” clarifies the requirement for offsetting financial instruments and is applicable for fiscal years starting on January 1, 2013.

Other changes to IFRS issued in 2012 include:

- Amendment to IAS 1 clarifying the requirements for comparative information,
- Amendment to IAS 16 clarifying the classification of servicing equipment, and
- Amendment to IAS 32 clarifying the accounting for the tax effect of distributions to holders of equity instruments.

2.2.2 New accounting standards and interpretations endorsed by the European Union with effect in future periods

Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” allows hedge accounting to continue when derivatives are novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

2.2.3 Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Except if otherwise noted, their potential impact is currently under review by the Group.

- IFRS 9 “Financial Instruments” aims at replacing IAS 39 “Financial Instruments – Recognition and Measurement”. It is a 3-phase project where only phase 1, “Classification and Measurement” was issued. Phase 2, “Impairment Methodology”, and phase 3 “Hedge Accounting”, have not been issued yet. The endorsement process by the European Union has been placed on hold, pending the completion of the whole project by the IASB.

- Amendment to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures" postpones the mandatory application date of IFRS to January 1, 2015 and modifies the requirements on transition disclosures.
- Amendment to IFRS 9 "Hedge Accounting" and amendments to IFRS 9, IFRS 7 and IAS 39 :
  - bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
  - allow the changes to address the "own credit" issue included in IFRS 9 Financial Instruments to be applied in isolation without applying the other changes introduced by IFRS 9 ; and
  - remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.
- IFRIC Interpretation 21 "Levies" clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC Interpretation 21 applies for accounting period starting from January 1, 2014 with retrospective application as of January 1, 2013. In 2013, the Group reviewed the impact of applying IFRIC Interpretation 21 and estimated the adjustment to be an increase in shareholders' equity of €2.6 million after tax (€3.9 million before tax) as of January 1, 2013 as a result of a timing difference in the liability recognition. In addition, IFRIC Interpretation 21 prohibits the progressive recognition of a liability for tax levies over the fiscal year and rather requires the one-time recognition of the liability when the obligating event for the payment of the levy is met. As a result of this guidance, the Group expects that 2014 interim financial statements will be impacted by timing differences in the recognition of tax levies due to the adoption of IFRIC Interpretation 21.
- Amendment to IAS 19 "Defined Benefits Plans: Employee Contributions": the narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Improvements cycles 2010-2012 and 2011-2013, issued in December 2013, include minor changes to several standards. These changes are applicable for annual statements beginning on or after July 1, 2014, or for transactions after that date in limited instances, and are not expected to have any material impact on the Group's financial statements.

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2013. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, present and potential voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. The financial statements for subsidiaries are prepared for the corresponding period to that for the presentation of the Group's consolidated financial statements using consistent accounting policies. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated when preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- derecognizes the carrying amount of any non-controlling interests,
- reclassifies the foreign currency translation into the net income,
- recognizes the fair value of the consideration received,
- recognizes the fair value of any investment retained,
- recognizes any benefit or deficit in profit or loss, and
- reclassifies components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.4 Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the euro.

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when hedge accounting is applied (see note 2.10.5). Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net Investment in Foreign Operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

Hedge of Net Investment in Foreign Operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

2.5 Intangible Assets

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date as the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

Any contingent considerations are recognized at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classified as assets or liabilities are recorded in the income statement.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment and as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.8).

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.8).

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition ranging from 5 to 15 years.

Computer software purchased for routine processing operations is recognized as an intangible asset. Internally developed software which enhances productivity is capitalized.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 5 to 10 years.

2.6 Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.8).

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Leased Assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.8). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

– Commercial and office buildings	20 to 35 years
– Building improvements and operating equipment	5 to 10 years
– Transportation equipment	3 to 8 years
– Computers and hardware	3 to 5 years

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 Investments in Associates

Investments in entities over which the Group has a significant influence are accounted for using the equity method.

Interests in associates are initially carried at cost which includes transaction costs.

The consolidated financial statements include the Group's share in the results of operations and other components of the comprehensive income, after taking into account adjustments for homogenization with the Group's accounting policies.

When the Group's share in the losses is greater than the value of their interest in the associate, the carrying amount is reduced to zero and the Group ceases to account for its share in future losses, unless the Group has an obligation to share in the losses.

2.8 Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.9), trade, and other accounts receivable (see note 2.10.3), and deferred tax assets (see note 2.20), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

The recoverable amount of intangible assets that have an indefinite useful life and of intangible assets that are not yet available for use is estimated annually or as soon as there is an indication of impairment.

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

An impairment loss is recognized whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a *prorata* basis.

Calculation of the Recoverable Amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (*i.e.*, the effective interest rate computed at initial recognition of these financial assets) when the effect is material.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group performs impairment tests of goodwill at the country level, which represents the lowest level within the entity at which operations are monitored by management for the purpose of measuring return on investment.

Reversal of Impairment Losses

An impairment loss in respect of a held-to-maturity security or receivable carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses in respect of goodwill may not be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.9 Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

2.10 Financial assets

2.10.1 Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are classified as assets available-for-sale and measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in other comprehensive income and transferred to profit or loss when the asset is sold or permanently impaired.

2.10.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The fair value of financial instruments classified as held for trading is their quoted bid price at the balance sheet date. Change in fair value is recognized in profit or loss.

2.10.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 2.13) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

2.10.4 Derivative financial instruments

Derivative financial instruments that qualify for hedge accounting according to IAS 39 are classified as hedges. The derivative financial instruments that do not qualify for hedge accounting, although set up for the purpose of managing risk (the Group's policy does not authorize speculative transactions), are designated as and accounted for as trading instruments.

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.10.5). They are classified as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 13.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation models incorporating various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward interest rate curves. The assumptions used are observable either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 13.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 14) and the summary of financial liabilities (note 22).

2.10.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized in the cash-flow hedge reserve as other comprehensive income. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized as other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (*i.e.,* when interest income or expense is recognized).

For cash flow hedges, other than those covered by the two preceding policy statements, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain (loss) at that point is retained in cash flow hedge reserve and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of monetary assets and liabilities denominated in foreign currency

When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognized monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognized in profit or loss ("natural hedge").

2.10.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

2.11 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

2.12 Share capital

Repurchase of equity instruments

When an equity instrument is repurchased by the entity, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognized as a liability in the period in which the distribution has been approved by the shareholders.

2.13 Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

Effective interest rate

The effective interest rate is the rate that exactly discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the credit line. They include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

Net financial debt

Net financial debt includes interest-bearing borrowings and accrued interest less cash and cash equivalents.

2.14 Employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits include various post-employment benefit schemes operated by Group companies. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Post-employment and other long-term benefits include:

- post-employment benefits including pensions, retirement supplements and medical benefits after retirement,
- other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

- defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or
- defined benefit plans when the employer guarantees a future level of benefits.

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

Actuarial gains and losses are immediately recognized in the income statement as part of the distribution and administrative expenses.

2.15 Share-based payments

Bonus share programs allow Group employees to receive shares of the parent company of the Group. The fair value of bonus shares allocated is recognized as a personnel expense with a corresponding increase in other reserves in equity (when the plan qualifies as equity-settled) over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

2.16 Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in “Other expenses” (see note 2.18). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when it is considered that the assessment is not justified or when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

2.17 Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the Group’s warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

2.18 Other income and other expenses

Operating income and expenses as a result of abnormal or unusual events are included as separate line items “Other income” and “Other expenses”. These line items include in particular, irrespective of their amount, gains and losses on asset disposals, asset depreciation, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition costs from business combinations and other items such as significant disputes. These items are presented separately in the income statement in order to allow Rexel’s Management Board, acting as Chief operating decision maker within the meaning of IFRS 8 “Operating Segments”, to assess the recurrent performance of the operating segments.

2.19 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 2.10.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

2.20 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Information as to the calculation of income tax on the profit for the periods presented is included in note 9.

2.21 Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's management reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Operations that present substantially similar characteristics are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments, including the electrical equipment distribution business of the Group, are:

- Europe, aggregating Southern continental Europe, Central and Eastern Europe and Northern Europe,
- North America, aggregating United States and Canada,
- The Asia-Pacific area,
- Latin America.

The Group's financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

2.22 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and free shares granted to employees.

3. Acquisitions

3.1 2013 business combinations

As part of Rexel's external growth policy, which aims to strengthen its presence in emerging markets, and improve the offering of its high value-added services, in 2013 the Group completed the following acquisitions in Asia:

- Lenn International Pte Ltd, based in Singapore and operating in South East Asia, was acquired on November 29, 2013. It recorded annual sales of around €18 million in 2012.
- Rexel Quality Trading Co. Ltd, based in Thaïland, was created on September 19, 2013 and is 70% held by Rexel South East Asia Pte. Ltd. It acquired the assets of Quality Trading Co., Ltd, Quality Lighting Co., Ltd, QTN Co, Ltd, Quality Trading (Hatyai) Co., Ltd, and QT Lighting Co., Ltd on November 29, 2013. Those entities recorded annual sales of around €37 million in 2012.

The overall consideration paid for these acquisitions was €21.1 million of which €10.9 million was paid in 2013. As these entities do not have a material impact on the Group's financial statements and given their acquisition date late in 2013, they will be consolidated as from January 1, 2014.

In addition, Rexel made some minor business combinations in Central Europe for an aggregated consideration of €1.6 million of which €1.1 million were paid in 2013.

3.2 2012 business combinations

The Group completed the following acquisitions in 2012:

Europe

United Kingdom

Wilts Wholesale Electrical business was acquired on February 24, 2012. The entity, based in Trowbridge (Witshire), recorded annual sales of around €40 million in 2011. This entity has been consolidated starting on March 1, 2012.

France

The business of Société Commerciale Toutelectric (SCT), based in Toulouse, was acquired on April 5, 2012. This entity generated around €72 million of sales in 2012 on an annualized basis and has been consolidated starting on its acquisition date.

Spain

Suministros Electricos Erka S.L., Erka Materiales Electricos S.L. and Erka Bizkaia S.L, based in San Sebastian, were acquired on April 30, 2012. They recorded annual sales of around €35 million in 2011. These companies have been consolidated starting on their acquisition date.

In 2013, the Group finalized the purchase price allocation of Erka, after completion of the identification of the acquired assets. An intangible asset of €19.0 million (€13.7 million, net of tax) was recognized with respect to the rights and benefits attached to an export license. This license is amortized over 6 years. After completion of the purchase price acquisition, Erka's residual goodwill stands at €1.2 million (€13.5 million as of December 31, 2012).

Belgium

L.G.B. NV (La Grange), based in Gent, was acquired on May 31, 2012. It recorded annual sales of around €45 million in 2011. This entity has been consolidated starting on its acquisition date.

North America

Canada

Liteco Inc., operating from 13 branches located in the provinces of New Brunswick, Nova Scotia and Prince Edward Island, was acquired on February 1, 2012. It recorded annual sales of around €50 million in 2011. The company has been consolidated starting on its acquisition date.

United States

On July 2, 2012, the Group completed the acquisition of Platt Electric Supply, a premier independent distributor of electrical products & services in the Western U.S, operating 111 branches located in 7 states and which posted sales of around €310 million in 2011. The Group acquired 100% ownership interest for a total consideration, of €325.7 million (US$410.0 million). The goodwill recognized on acquisition was €199.3 million. Platt Electric Supply has been consolidated starting on its acquisition date.

On November 30, 2012, the Group completed the acquisition of Munro Distributing Company, a progressive, independent distributor of electrical products and services in the Eastern United States of America and California, specializing in energy efficiency and conservation solutions which posted sales of around €88 million in 2011. The Group acquired a 100% ownership interest for a total consideration, of €114.2 million (US$147.0 million). As of December 31, 2012, the goodwill was recognised on a provisional basis for €86.6 million (US$112.4 million), the purchase price allocation being outstanding as of the balance sheet date. In 2013, the Group completed the purchase price allocation and recognized €8.4 million (US$10.9 million) as distribution network and €17.6 million (US$22.9 million) as customer relationships, and other minor fair value adjustments on fixed assets and working capital. After completion of the purchase price allocation, the residual goodwill stands at €64.1 million (US$83.2 million) and is deductible for income tax purposes over a 15-year period.

Munro Distributing Company has been consolidated starting on its acquisition date.

Asia-Pacific

Singapore

LuxLight Pte Ltd, based in Singapore and operating in South East Asia, was acquired on November 30, 2012. It recorded annual sales of around €10 million in 2011. This entity has been consolidated starting on January 1, 2013. The consolidation of this entity did not have material impact on the Group's financial statements.

China : acquisition of non-controlling interests

Pursuant to the share purchase agreement dated October 7, 2008 and the supplemental agreement to the Joint Venture Contract for the Establishment of Suzhou Xidian Co., dated March 12, 2011, Rexel acquired the non-controlling interests of Xidian, corresponding to 36.5% of the equity interest. The purchase price amounted to €22.3 million (US$26.9 million), on July 25, 2012.

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the non-controlling interests acquired and the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €19.1 million.

Latin America

Brazil

Etil Comercio de Material Electrico Ltda, based in São Paulo, was acquired on February 3, 2012. It recorded annual sales of around €40 million in 2011. The company has been consolidated starting on April 1, 2012.

Peru

Distribudora Romero S.L., operating in Peru, was acquired on July 31, 2012. It recorded annual sales of around €10 million in 2011. This entity has been consolidated starting on October 1, 2012.

The table below shows the consideration allocated to identifiable assets and liabilities for the entities acquired in 2012 and those acquired in late 2011 that were consolidated as of January 1, 2012, such as disclosed in note 3.1 in the financial statements as of December 31, 2011:

- Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo (Brazil),
- V&F Tecnologia Comercial SAC, based in Lima (Peru),
- Eurodis Sécurité and Eurobat, based in France.

STATUS OF 2012 ACQUISITION AS AT DECEMBER 31, 2013 *(in millions of)*	PLATT *(USD)*	*(euros)*	MUNRO [2] *(USD)*	*(euros)*	OTHERS *(euros)*	TOTAL *(euros)*
Distribution networks	57.7	45.8	10.9	8.4	–	54.2
Customer relationship	61.6	48.9	23.0	17.7	8.7	75.3
Other fixed assets	6.3	5.0	1.0	0.7	34.7	40.4
Other non-current assets	0.1	0.1	6.0	4.6	(0.7)	4.0
Current assets	123.9	98.4	38.0	29.3	111.0	238.6
Financial debt	–	–	0.8	0.6	(23.6)	(23.0)
Other non-current liabilities	(37.5)	(29.8)	(0.0)	(0.0)	(5.6)	(35.4)
Current liabilities	(53.0)	(42.1)	(14.6)	(11.2)	(52.2)	(105.6)
Net asset acquired (except goodwill acquired)	**159.1**	**126.3**	**65.0**	**50.1**	**72.2**	**248.6**
Goodwill acquired	250.9	199.3	83.2	64.1	126.1	389.5
Consideration transferred	**410.0**	**325.7**	**148.3**	**114.2**	**198.3**	**638.1**
Cash acquired	–	–	(0.0)	(0.0)	(3.8)	(3.8)
Deferred payments	–	–	–	–	(1.5)	(1.5)
Net cash paid for acquisitions	**410.0**	**325.7**	**148.2**	**114.2**	**193.0**	**632.9**
Payments in 2012 [1]	(410.0)	(325.7)	(147.0)	(113.2)	(156.2)	(595.0)
Payments in 2011 [1]	–	–	–	–	(32.8)	(32.8)
Net cash flow for the 2013 period	**–**	**–**	**1.3**	**1.0**	**4.1**	**5.1**

(1 Converted at the exchange rate on the acquisition date.
(2) Munro purchase plan allocation has been finalized in 2013 (see comments above).

The amount of fees associated with these acquisitions totaled €8.7 million, of which €6.4 million (€1.0 million for Platt Electric Supply and €1.0 million for Munro) was incurred during the period ended December 31, 2012.

For the period ended December 31, 2012, the contribution of the entities newly consolidated in 2012 to the Group's sales and operating income amounts approximately to €509.9 million and €12.0 million respectively.

Had these acquisitions been consolidated from January 1, 2012, the income statement would have included sales of €792.3 million and operating income of €17.2 million on a yearly basis.

4. Segment reporting

In 2013, the Group made minor changes in its organization. Some insignificant non-operational entities were reclassified from the "Europe" segment under the heading "Corporate Holdings and other reconciling items".

Information by geographic segment for the periods ending December 31, 2013 and 2012

	2013						
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	LATIN AMERICA	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
INCOME STATEMENT ITEMS							
Sales to external customers (2)	7,078.6	4,441.1	1,196.8	294.8	**13,011.3**	0.3	**13,011.6**
Depreciation	(50.4)	(16.5)	(5.4)	(2.0)	**(74.3)**	(2.8)	**(77.0)**
EBITA (1)	455.5	230.2	48.9	0.5	**735.1**	(48.2)	**686.9**
Goodwill impairment	(46.2)	–	–	(21.1)	**(67.3)**	–	**(67.3)**
CASH FLOW STATEMENT ITEM							
Capital expenditures net of disposals	(31.3)	(19.0)	(5.1)	(2.4)	**(57.8)**	(14.5)	**(72.2)**
BALANCE SHEET ITEMS							
Working capital	610.5	509.5	141.7	46.9	**1,308.6**	(17.8)	**1,290.8**
Goodwill	2,619.6	1,230.0	224.7	37.0	**4,111.2**	–	**4,111.2**

	2012						
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	LATIN AMERICA	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
INCOME STATEMENT ITEMS							
Sales to external customers (2)	7,448.6	4,348.6	1,341.9	310.0	**13,449.0**	0.2	**13,449.2**
Depreciation	(48.3)	(16.4)	(5.5)	(1.5)	**(71.7)**	(2.0)	**(73.7)**
EBITA (1)	535.4	225.6	60.0	6.2	**827.2**	(59.8)	**767.4**
Goodwill impairment	(25.5)	–	(20.2)	–	**(45.7)**	–	**(45.7)**
CASH FLOW STATEMENT ITEM							
Capital expenditures net of disposals	(53.0)	(14.8)	(7.1)	(4.6)	**(79.5)**	(4.3)	**(83.8)**
BALANCE SHEET ITEMS							
Working capital	734.9	496.0	173.6	50.2	**1,454.7**	(26.1)	**1,428.6**
Goodwill	2,714.9	1,340.0	248.0	66.3	**4,369.2**	–	**4,369.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.
(2) Of which €2,423.7 million generated in France in 2013 (€2,484.6 million in 2012).

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
EBITA – Total Group	**686.9**	**767.4**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(19.7)	(13.3)
Other income and other expenses	(146.2)	(106.7)
Net financial expenses	(213.5)	(200.1)
Share of profit/(loss) of associates	0.4	3.1
Group consolidated income before income tax	**307.9**	**450.3**

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Working capital	1,290.8	1,428.5
Goodwill	4,111.2	4,369.2
Total allocated assets & liabilities	**5,402.0**	**5,797.7**
Liabilities included in allocated working capital	2,629.1	2,590.0
Other non-current assets	1,368.1	1,408.8
Deferred tax assets	162.9	171.9
Current tax assets	18.3	26.1
Other current assets	–	0.4
Assets classified as held for sale	3.4	21.2
Derivatives	0.3	8.1
Cash and cash equivalents	957.8	291.9
Group consolidated total assets	**10,541.9**	**10,316.1**

5. Distribution & administrative expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Personnel costs (salaries & benefits)	1,518.9	1,535.0
Building and occupancy costs	270.1	269.5
Other external costs	601.4	622.3
Depreciation expense	77.0	73.7
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	19.7	13.3
Bad debt expense	34.2	47.1
Total distribution and administrative expenses	**2,521.3**	**2,560.9**

6. Salaries & benefits

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Salaries and social security charges	1,452.5	1,460.7
Share-based payments	14.4	19.9
Pension and other post-retirement benefits-defined benefit plans	12.7	10.8
Other employee expenses	39.3	43.5
Total employee expenses	**1,518.9**	**1,535.0**

7. Other income & other expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Gains on disposal of tangible assets	2.9	2.3
Write-back asset impairment	0.8	0.1
Release of unused provisions	2.8	11.7
Gains on earn-out	0.2	–
Other operating income	4.7	1.8
Total other income	**11.4**	**15.9**
Restructuring costs	(63.6)	(49.9)
Losses on non-current assets disposed of	(4.6)	(2.2)
Impairment of goodwill and fixed assets	(74.0)	(46.8)
Acquisition related costs	(2.5)	(7.8)
Losses on earn-out	–	(2.3)
Other operating expenses	(12.9)	(13.6)
Total other expenses	**(157.6)**	**(122.6)**

7.1 Other Income

Release of unused provisions

In 2013, there was no significant transaction under this caption.

In 2012, this line item mainly includes the release of a provision of €7.8 million on a tax reassessment with respect to the deduction of VAT related to services rendered by the investment funds, at the time of Rexel's LBO. The Group filed a claim to the Administrative Court, which dismissed the French tax authority from its request.

Other operating income

In 2013, a settlement gain of €4.4 million has been recognized following the wind-up of the Irish defined benefit pension scheme and the implementation of a defined contribution plan (see note 19.4).

7.2 Other expenses

Restructuring costs

In 2013, restructuring costs were mainly related to the rationalization of logistics and branch closures of which restructuring plans in Europe for €56.8 million (€39.6 million in 2012), mainly in the United Kingdom, France, Sweden, Germany, Spain and in The Netherlands; in North America for €4.0 million (€5.1 million in 2012) and in Asia-Pacific for €1.9 million (€4.4 million in 2012).

Goodwill and assets impairment

In 2013, the Group recognized a goodwill impairment expense of €67.3 million, of which €42.8 million attributable to The Netherlands, €21.1 million to Brazil, €2.2 million to Slovenia and €1.2 million to Spain (see note 10.1) reflecting the decreasing demand of electrical supply in these countries. In addition, assets were written down for €6.6 million, mainly IT assets as a result of a reorganization process in The Netherlands.

In 2012, impairment on goodwill was recognized on the following cash-generating units: The Netherlands for €23.9 million, New Zealand for €20.2 million and Slovenia for €1.6 million.

Other operating expenses

In 2013, other operating expenses mainly include (i) €4.7 million litigation costs primarily with customers in Canada and Germany; (ii) sales tax reassessments in Canada for €2.5 million; (iii) the termination of senior executive contracts in Brazil for €0.9 million; and (iv) corporate headquarters relocation expenses for €1.4 million.

In 2012, other operating expenses mainly included (i) the cost of indemnities for termination of employee contracts for €4.8 million, (ii) the early settlement of incentive schemes granted to prior owners of Nortel in Brazil for €1.6 million, (iii) tax reassessments from French tax authorities regarding salaries tax and property tax for respectively €1.3 million and €1.1 million and (iv) the settlement of claim from previous owner of Gexpro in the United States for €1.0 million.

8. Net financial expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Interest income on cash and cash equivalents	1.8	0.7
Interest income on receivables and loans	0.7	1.6
Financial income	**2.5**	**2.3**
Interest expense on financial debt (stated at amortized cost)	(177.2)	(182.6)
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement	1.4	(5.6)
Foreign exchange gain (loss)	0.5[2]	(8.6)
Change in fair value of exchange rate derivatives through profit and loss	(2.6)	8.8
Change in fair value of interest rate derivatives through profit and loss	10.4	9.2
Interest expense on borrowings	**(167.5)**	**(178.8)**
Non-recurring refinancing costs	**(23.5)[1]**	**–**
Net financial expense on employee benefit obligations	(13.0)	(11.8)
Others	(12.1)	(11.9)
Other financial expenses	**(25.1)**	**(23.7)**
Financial expenses (net)	**(213.5)**	**(200.1)**

(1) Loss related to the refinancing transactions such as disclosed in note 20.1.2 including the redemption premium, and the write-back of transaction fees after deducting fair value hedge adjustments.
(2) Including a gain of €2.0 million related to the impact of Rexel KK liquidation and the recycling of foreign currency adjustments from equity to financial expenses.

9. Income tax

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

9.1 Income tax expense

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Current tax	(99.3)	(119.4)
Prior year adjustments on current income tax	(1.0)	(0.8)
Deferred tax	3.4	(11.5)
Total income tax expense	**(96.9)**	**(131.7)**

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	**2013**	**2012**
Net deferred tax at the beginning of the year	**19.6**	**42.1**
Deferred tax income (expense)	3.4	(11.5)
Other comprenhensive income(1)	(34.1)	21.8
Change in consolidation scope	(5.2)	(30.1)
Translation differences	2.7	(0.2)
Other changes	4.4	(2.4)
Net deferred tax at the end of the year	**(9.2)**	**19.6**

(1) Including the tax impact of the remeasurement of net defined benefit plans liability that accounted for a loss of €19.6 million in 2013 (a gain of €22.6 million in 2012).

Analysis of Deferred tax assets and liabilities by nature is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Intangible assets	(312.7)	(314.2)
Property, plant and equipment	(1.8)	3.5
Financial assets	10.7	10.2
Trade accounts receivable	22.2	21.8
Inventories	14.4	13.0
Employee benefits	87.8	122.6
Provisions	7.1	6.8
Financing fees	(8.0)	2.3
Other items	25.8	13.3
Tax losses carried forward	316.4	327.2
Deferred tax assets / (liabilities), net	**161.9**	**206.5**
Valuation allowance on deferred tax assets	(171.1)	(186.8)
Net deferred tax assets / (liabilities)	**(9.2)**	**19.7**
of which deferred tax assets	162.9	171.9
of which deferred tax liabilities	(172.1)	(152.3)

A valuation allowance on deferred tax assets of €171.1 million was recognized as of December 31, 2013 (€186.8 million as of December 31, 2012), as a result of the recoverability assessment of the net deferred tax assets by each tax entity. The recoverable amount is based on the expected taxable profits over the next 5 years as well as risks arising from notified tax reassessments and contested by the Group. As of December 31, 2013, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in the United Kingdom, France, Germany, Brazil and Spain. The expiry date of such tax losses carried forward is as follows:

	AS OF DECEMBER 31,	
	2013	**2012**
One year	9.0	12.0
Two years	4.7	5.0
Three years	3.1	3.0
Four years	4.4	4.0
Five years	5.6	6.0
Thereafter	502.2	494.0

9.3 Effective tax rate

(in millions of euros)	2013		2012	
Income before tax and before share of profit in associates	307.5		447.3	
French legal tax rate		*38.0%*		*36.1%*
Income tax calculated at the legal tax rate	(116.9)		(161.5)	
Differences of tax rates between french and foreign jurisdictions(1)	31.0	(10.1%)	32.7	(7.3%)
Changes in tax rates	(5.6)	1.8%	(4.2)	0.9%
(Current year losses unrecognized), prior year losses utilized	(4.0)	1.3%	(1.3)	0.3%
(Non-deductible expenses), tax exempt revenues	(1.4)	0.5%	2.6	(0.6%)
Actual income tax expense	**(96.9)**	**31.5%**	**(131.7)**	**29.4%**

(1) Mainly arising from lower legal tax rate in Australia, Austria, Canada, Ireland, the United Kingdom, Switzerland, and in The Netherlands.

In 2013, non-deductible expenses and tax exempt revenues include the tax impact of a deductible liquidation loss of a dormant subsidiary in Ireland of €13.2 million, mainly offset by the tax impact of non-deductible goodwill impairment expenses for a negative amount of €18.8 million.

In 2012, non-deductible expenses and tax exempt revenues included a release of provision of €15.3 million in connection with the dismissal by Administrative Court of a tax reassessment, partially offset by the tax effect of goodwill impairment for an amount of €11.9 million.

10. Long-term assets

10.1 Goodwill and intangible assets

(in millions of euros)	STRATEGIC PARTNERSHIPS	DISTRIBUTION NETWORKS	SOFTWARE AND INTANGIBLE ASSETS WITH FINITE USEFUL LIVES (1)	TOTAL INTANGIBLE ASSETS	GOODWILL
Gross carrying amount as of January 1, 2012	**185.6**	**608.1**	**402.7**	**1,196.4**	**4,211.4**
Effect of acquisitions and divestitures	–	45.8	59.7	**105.5**	**405.6**
Additions	–	–	32.2	**32.2**	**–**
Disposals	–	–	(4.9)	**(4.9)**	**–**
Exchange differences	–	0.7	(2.6)	**(1.9)**	**9.1**
Other changes	–	–	–	**–**	**(0.3)**
Gross carrying amount as of December 31, 2012	**185.6**	**654.6**	**487.1**	**1,327.3**	**4,625.8**
Effect of acquisitions and divestitures	–	8.4	37.2	**45.6**	**(21.5)**
Additions	–	–	34.6	**34.6**	**–**
Disposals	–	–	(10.1)	**(10.1)**	**–**
Exchange differences	–	(24.4)	(20.1)	**(44.5)**	**(176.0)**
Other changes	–	–	2.0	**2.0**	**–**
Gross carrying amount as of December 31, 2013	**185.6**	**638.6**	**530.7**	**1,354.9**	**4,428.3**
Accumulated amortization and depreciation as of January 1, 2012	**–**	**(5.8)**	**(254.9)**	**(260.7)**	**(209.2)**
Change in consolidation scope	–	–	(2.6)	**(2.6)**	**–**
Amortization expense	–	–	(32.5)	**(32.5)**	**–**
Impairment losses (2)	–	–	(0.7)	**(0.7)**	**(45.7)**
Decrease of amortization	–	–	3.5	**3.5**	**–**
Exchange differences	–	–	1.1	**1.1**	**(1.7)**
Other changes	–	–	0.4	**0.4**	**–**
Accumulated amortization and depreciation as of December 31, 2012	**–**	**(5.8)**	**(285.7)**	**(291.5)**	**(256.6)**
Change in consolidation scope	–	–	2.6	**2.6**	**–**
Amortization expense	–	–	(41.3)	**(41.3)**	**–**
Impairment losses (3)	–	–	(5.4)	**(5.4)**	**(67.3)**
Decrease of amortization	–	–	8.6	**8.6**	**–**
Exchange differences	–	–	11.1	**11.1**	**6.8**
Other changes	–	–	(0.6)	**(0.6)**	**–**
Accumulated amortization and depreciation as of December 31, 2013	**–**	**(5.8)**	**(310.7)**	**(316.5)**	**(317.1)**
Carrying amount as of January 1, 2012	**185.6**	**602.3**	**147.8**	**935.7**	**4,002.2**
Carrying amount as of December 31, 2012	**185.6**	**648.8**	**201.4**	**1,035.8**	**4,369.2**
Carrying amount as of December 31, 2013	**185.6**	**632.8**	**220.0**	**1,038.3**	**4,111.2**

(1) Including customer relationships for a net book value of €69.5 million as of December 31, 2013 (€67.2 million as of December 31, 2012).
(2) Goodwill impairment in The Netherlands, New Zealand and Slovenia. Assets impairment in Spain.
(3) Goodwill & IT assets impairment in The Netherlands, Brazil, Slovenia and Spain.

Impairment testing of goodwill and intangibles with indefinite lives

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration. Goodwill is tested at least annually for impairment purposes.

For the requirements of impairment testing, goodwill and other intangible assets (strategic partnerships and distribution networks) with an indefinite life have been allocated to the following cash-generating units:

		AS OF DECEMBER 31,					
(in millions of euros)		2013			2012		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	OTHER INTANGIBLE ASSETS (1)	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS (1)	TOTAL
France	Europe	968.4	169.4	1,137.8	966.3	169.4	1,135.7
United States	North America	776.8	126.0	902.8	839.1	123.4	962.5
Canada	North America	453.2	69.1	522.3	506.1	77.1	583.2
United Kingdom	Europe	195.9	61.4	257.3	199.8	62.7	262.5
Switzerland	Europe	222.6	34.3	256.9	226.3	34.9	261.2
Germany	Europe	172.9	51.7	224.6	172.9	51.7	224.6
Sweden	Europe	201.9	21.2	223.1	208.4	21.9	230.3
Norway	Europe	179.4	14.8	194.2	204.1	16.9	221.0
Australia	Asia-Pacific	157.6	25.2	182.8	191.3	30.5	221.8
Austria	Europe	83.3	13.0	96.3	83.3	13.0	96.3
The Netherlands	Europe	59.3	17.3	76.6	102.1	17.3	119.4
Belgium	Europe	65.6	–	65.6	65.6	–	65.6
Other		574.3	215.1	789.4	603.9	215.6	819.5
Total		**4,111.2**	**818.4**	**4,929.6**	**4,369.2**	**834.4**	**5,203.6**

(1) Intangible assets with an indefinite useful life.

Key assumptions retained in the determining of the value-in-use

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the strategic plan performed in June 2013 and updated during the yearly budget process in November 2013 for the next 3 years and also include an extrapolation of two additional years and a normative terminal value. A perpetuity growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and beta factors. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already factored in the cash-flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetuity growth rate:

EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the group with similar profile. EBITA margin is set in increments of 50 base points.

Discount rate

The following after tax discount rates were used to estimate the value-in-use of the CGUs:

	2013	2012
France	7.4%	7.4%
United States	7.6%	7.5%
Canada	6.9%	6.7%
United Kingdom	7.3%	7.2%
Switzerland	6.5%	6.4%
Germany	7.4%	7.4%
Sweden	7.9%	7.8%
Norway	8.3%	8.3%
Australia	9.0%	9.0%
Austria	8.0%	8.0%
The Netherlands	7.8%	7.8%
Belgium	8.1%	8.1%
Other	7.7% to 13.0%	6.9% to 13.0%

Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. The perpetuity growth rate used to measure the terminal value was 2% except for China and India (3%) and for Brazil (4.5%). Growth rates remained unchanged compared to 2012.

As a result of impairment testing, a loss of €67.3 million was recognized in 2013 (€45.7 million in 2012) and allocated to goodwill: (i) in The Netherlands for €42.8 million (23.9 million 2012), (ii) in Brazil for €21.1 million (nil in 2012), (iii) in Slovenia for €2.2 million (€1.6 million in 2012), (iv) in Spain for €1.2 million (nil in 2012). This impairment loss reflects the decreasing demand in electrical supplies in those countries due to on-going economic uncertainty.

Sensitivity analysis

The table below summarizes the sensitivity analysis by CGU on EBITA margin, discount rate and perpetuity growth rate:

	GOODWILL & INTANGIBLE ASSETS	DISCOUNT RATE	PERPETUITY GROWTH RATE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	PERPETUITY GROWTH RATE (-50 BPS)
France	1,137.8	7.4%	2.0%	–	–	–
United States	902.8	7.6%	2.0%	–	–	–
Canada	522.3	6.9%	2.0%	–	–	–
United Kingdom	257.3	7.3%	2.0%	–	–	–
Switzerland	256.9	6.5%	2.0%	–	–	–
Germany	224.6	7.4%	2.0%	–	–	–
Sweden	223.1	7.9%	2.0%	–	–	–
Norway	194.2	8.3%	2.0%	–	–	–
Australia	182.8	9.0%	2.0%	–	–	–
Austria	96.3	8.0%	2.0%	–	–	–
The Netherlands	76.6	7.8%	2.0%	(12.3)	(9.1)	(6.1)
Belgium	65.6	8.1%	2.0%	–	–	–
Other[(1)]	789.4	7.7% to 13.0%	2% to 4.5%	(17.5)	(11.7)	(6.8)
Total	**4,929.6**			**(29.8)**	**(20.8)**	**(12.9)**
(1) Of which Brazil				(7.6)	(5.1)	(2.1)

10.2 Property, plant & equipment

(in millions of euros)	LAND & BUILDINGS	PLANT & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount as of January 1, 2012	**244.9**	**635.9**	**25.7**	**906.5**
Effect of acquisitions and divestitures	8.5	47.5	0.4	**56.4**
Additions	4.0	46.4	8.0	**58.4**
Disposals	(7.2)	(47.0)	(3.2)	**(57.4)**
Exchange differences	1.1	(0.4)	0.2	**0.9**
Other changes	1.8	1.5	(5.7)	**(2.4)**
Gross carrying amount as of December 31, 2012	**253.1**	**683.9**	**25.4**	**962.4**
Effect of acquisitions and divestitures	(1.0)	(22.7)	–	**(23.7)**
Additions	4.5	56.2	6.9	**67.6**
Disposals	(24.0)	(36.2)	(3.1)	**(63.3)**
Exchange differences	(3.9)	(25.1)	(0.2)	**(29.2)**
Other changes	28.8	(16.2)	(0.2)	**12.4**
Gross carrying amount as of December 31, 2013	**257.5**	**639.9**	**28.8**	**926.2**
Accumulated amortization and depreciation as of January 1, 2012	**(122.6)**	**(503.4)**	**(18.8)**	**(644.8)**
Change in consolidation scope	(1.2)	(33.2)	–	**(34.4)**
Depreciation expense	(10.1)	(42.8)	(1.7)	**(54.6)**
Impairment losses	(0.2)	(0.1)	–	**(0.3)**
Release	4.7	44.4	3.0	**52.1**
Exchange differences	(0.4)	–	(0.1)	**(0.5)**
Other changes	(0.5)	1.0	2.3	**2.8**
Accumulated amortization and depreciation as of December 31, 2012	**(130.3)**	**(534.1)**	**(15.3)**	**(679.7)**
Change in consolidation scope	–	21.9	–	**21.9**
Depreciation expense	(10.2)	(42.9)	(2.2)	**(55.3)**
Impairment losses	(0.1)	(0.2)	(0.2)	**(0.5)**
Release	6.0	33.7	0.5	**40.2**
Exchange differences	1.6	19.1	0.1	**20.8**
Other changes	(2.1)	7.6	(1.0)	**4.5**
Accumulated amortization and depreciation as of December 31, 2013	**(135.1)**	**(494.9)**	**(18.1)**	**(648.1)**
Carrying amount as of January 1, 2012	**122.3**	**132.5**	**6.9**	**261.7**
Carrying amount as of December 31, 2012	**122.8**	**149.8**	**10.1**	**282.7**
Carrying amount as of December 31, 2013	**122.4**	**145.0**	**10.7**	**278.1**

Additions of the period include €3.1 million of assets (€10.4 million in 2012) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities and the corresponding variation of financial debt was included in “Net change in finance lease liabilities” in cash flows from financing activities.

Tangible assets impairment

The assumptions used to establish the value in use of tangible assets are identical to those used for goodwill impairment tests.

10.3 Long-term investments

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Loans	2.5	0.1
Deposits	26.7	23.3
Derivatives	–	42.2
Other long-term investments	22.5	13.8
Long-term investments	**51.7**	**79.5**

As of December 31, 2013, other long-term investments mainly include the purchase price of Lenn International Pte Ltd. and Rexel Quality trading for respectively €13.7 million and €8.7 million. These companies were acquired in late 2013 and will be consolidated in 2014.

As of December 31, 2012, other long-term investments mainly included the purchase price of the shares of Luxlight for €13.6 million. This company was acquired in late 2012 and consolidated in 2013.

10.4 Investments in associates

Under a stock redemption agreement dated November 15, 2013 entered into by DPI, Inc., a US company specialized in the distribution of consumer electronics and Hagemeyer Finance BV, a wholly owned indirect subsidiary of Rexel, DPI, Inc. committed to redeem all its shares held by Hagemeyer Finance BV, representing an interest of 66.67% in the share capital (of which 59.52% of non-voting preference shares). This transaction was completed on November 27, 2013 for an aggregate consideration received of €10.4 million (US$ 14.3 million). The derecognition gain or loss resulting from this transaction was nil.

Prior to its disposal, the investment in DPI, Inc. was accounted for under the equity method up to September 30, 2013. The share of profit recognized for the year ended December 31, 2013 was €0.4 million (€3.1 million for the period ended December 31, 2012) and the amount of dividends received was nil (€3.8 million for the period ended December 31, 2012).

11. Current assets

11.1 Inventories

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Cost	1,484.6	1,530.6
Allowance	(95.0)	(103.9)
Net inventories	**1,389.5**	**1,426.7**

Changes in impairment losses

(in millions of euros)	**2013**	**2012**
Allowance for inventories the beginning of the year	**(103.9)**	**(94.0)**
Change in consolidation scope	(2.6)	(17.7)
Net change in allowance	3.9	7.2
Translation difference	4.6	0.6
Other changes	3.0	–
Allowance for inventories at the end of the year	**(95.0)**	**(103.9)**

11.2 Trade accounts receivable

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Nominal value	2,213.5	2,276.5
Impairment losses	(150.7)	(152.6)
Trade accounts receivable	**2,062.8**	**2,123.9**

Trade accounts receivable include taxes collected on behalf of the tax authorities that, in certain circumstances, may be recovered when the client defaults. These recoverable taxes amounted to €241.0 million as of December 31, 2013 (€252.5 million as of December 31, 2012).

The Group has put in place credit insurance programs in certain countries. Trade accounts receivable covered by these programs amounted to €758.3 million as of December 31, 2013 (€723.0 million as of December 31, 2012).

Also, in some countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States and in Canada. Trade accounts receivable covered by these guarantees represented €244.9 million as of December 31, 2013 (€260.1 million as of December 31, 2012).

Changes in impairment losses

(in millions of euros)	**2013**	**2012**
Impairment losses on trade accounts receivable as of January 1	**(152.6)**	**(147.0)**
Change in consolidation scope	(2.6)	(8.3)
Net depreciation	0.6	3.1
Translation difference	3.8	(0.4)
Other changes	0.1	–
Impairment losses on trade accounts receivable as of December 31	**(150.7)**	**(152.6)**

As of December 31, 2013, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of a confirmed default risk for the customer in question for €105.5 million (€98.1 million as of December 31, 2012).

The balance of impairment losses recorded corresponds to the risks estimated on the basis of late payments.

The summary of overdue receivables for which no impairment provision has been raised is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
From 1 to 30 days	267.2	262.4

In accordance with the accounting principle stated in note 2.10.3, all receivables above 30 days are subject to an impairment provision.

11.3 Other accounts receivable

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Purchase rebates	328.1	324.3
VAT receivable and other sales taxes	38.0	30.7
Prepaid expenses	31.7	38.2
Derivatives	0.3	8.1
Other receivables	69.7	75.2
Total accounts receivable	**467.8**	**476.4**

12. Assets held for sale

As of December 31, 2012, assets held for sale amounted to €21.2 million. They mainly included a vacant property in the United Kingdom, held under a lease agreement, which was disposed of to a third party on January 9, 2013 for €15.4 million (£12.5 million).

13. Cash and cash equivalents

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Cash equivalents	790.2	133.9
Cash at bank	166.4	156.6
Cash in hand	1.2	1.3
Cash and cash equivalents	**957.8**	**291.9**

As of December 31, 2013, short-term investments include units in mutual funds, valued at their fair market value, for a total of €790.2 million (€133.9 million as of December 31, 2012). These investments were made in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

14. Summary of financial assets

				AS OF DECEMBER 31,			
				2013		2012	
(in millions of euros)	NOTE	IAS 39 CATEGORY	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans		L&R		2.5	2.5	0.1	0.1
Deposits		L&R		26.7	26.7	23.3	23.3
Hedging derivatives (1)		FV P&L		–	–	39.8	39.8
Other derivative instruments not elligible to hedge accounting		FV P&L		–	–	2.4	2.4
Others (2)		NA		22.5	NA	13.9	NA
Total long-term investments	10.3			**51.7**	**–**	**79.5**	**–**
Trade accounts receivable		L&R		**2,062.8**	**2,062.8**	**2,123.9**	**2,123.9**
Supplier rebates receivable		L&R		328.1	328.1	324.3	324.3
VAT and other taxes receivable (2		NA		38.0	NA	30.7	NA
Other accounts receivable		L&R		69.7	69.7	75.2	75.2
Other derivative instruments not eligible to hedge accounting		FV P&L	2	0.3	0.3	8.1	8.1
Prepaid expenses (2)		NA		31.7	NA	38.2	NA
Total other current assets	11.3			**467.8**	**–**	**476.4**	**–**
Cash equivalents		FV	2	790.2	790.2	133.9	133.9
Cash		L&R		167.6	167.6	157.9	157.9
Cash and cash equivalents	13			**957.8**	**–**	**291.9**	**–**

(1) Specific accounting treatment for hedging.
(2) Not a financial instrument under IAS 39.

Loans and receivables	L&R
Assets available for sale	AFS
Fair value through profit or loss	FV P&L
Not applicable	NA

* For fair value hierarchy see note 2.10.4.

15. Share capital and premium

15.1 Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

	NUMBER OF SHARES	SHARE CAPITAL	ISSUANCE PREMIUM
		(in millions of euros)	
As of January 1, 2012	**268,819,759**	**1,344.1**	**1,412.2**
Exercise of share subscription rights	65,936	0.3	–
Issuance of shares in connection with payments of dividends	2,273,474	11.4	18.8
Issuance of shares in connection with free shares plan	426,595	2.1	(14.4)
Employee share purchase plan	337,465	1.7	1.7
As of December 31, 2012	**271,923,229**	**1,359.6**	**1,418.3**
Exercise of share subscription rights [(1)]	34,276	0.2	–
Issuance of shares in connection with payments of dividends [(2)]	10,287,149	51.4	98.2
Employee share purchase plan [(3)]	302,870	1.5	2.0
Issuance of shares in connection with free shares plans [(4)]	789,690	3.9	–
Allocation of free shares	–	–	(13.8)
Free shares cancelled	–	–	6.1
As of December 31, 2013	**283,337,214**	**1,416.7**	**1,510.8**

[(1)] *Exercise of share subscription rights*

For the period ended December 31, 2013, 34,276 shares options were exercised by senior employees and key management personnel (65,936 for the period ended December 31, 2012).

[(2)] *Issuance of shares in connection with payments of dividends*

The Shareholders' Meeting of May 22, 2013 approved the payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €14.59, at the option of each shareholder. The total amount of the dividend distributed was €203.1 million, of which €53.0 million was paid in cash and €150.1 million was settled by the issuance of 10,287,149 new shares. Capital increase related costs of €0.4 million were recognized in reduction of the share premium.

	FOR THE YEAR ENDED DECEMBER 31, 2013	FOR THE YEAR ENDED DECEMBER 31, 2012
Dividends on ordinary shares	€0.75	€0.65
Dividends paid *(in millions of euros)*	**203.1**	**173.5**
of which:		
– dividends paid in cash	53.0	143.0
– dividends paid in shares	150.1	30.5

[(3)] *Issuance of shares in connection with the Employee Share Purchase Plans*

The settlement and delivery of the shares subscribed by employees under the 2013 Employee Share Purchase Plan occurred in November 2013. 230,006 shares were issued at a price of €14.34 and 26,745 shares at a price of €15.99 for US employees. Capital increase related costs of €0.9 million were recognized in reduction of the share premium. Under the 2012 Employee Share Purchase Plan, 45,953 shares were issued at a price of €15.55 for UK employees and 80 shares were issued at a price of €5.0.

[(4)] *Issuance of shares in connection with bonus shares plans*

In May 2013, 766,228 shares were issued in connection with the 2009 bonus shares plan ("Plan 4+0").

In May and October 2013, 23,462 shares were issued in connection with the 2011 bonus free shares plan ("Plan 2+2").

15.2 Capital Management and treasury shares

The Shareholders' Meeting of May 22, 2013 authorized the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to have Rexel buy up to a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €22 per share. This program is capped at €250 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 21, 2014).

The objectives of this program in decreasing order of priority are as follows:

- ensuring liquidity and activity in the market for the shares through an investment services provider;
- setting up any stock option plan of the Company;
- retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions within the limit of 5% of the share capital of Rexel;
- granting shares in connection with the exercise of rights attached to securities conferring access to Rexel shares;
- cancelling all or part of any shares so repurchased;
- any other actions that comply with applicable regulations in force.

In connection with this share buy-back program, Rexel entered into a mandate with Natixis, complying with a Code of Ethics recognized by the *Autorité des marchés financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel shares transactions for an amount of €17.4 million as of December 31, 2013 (€16.2 million as of December 31, 2012).

In addition to this agreement, Rexel also mandated Natixis to buy 1,975,000 treasury shares to serve its free share plans, in the fourth quarter 2011 for an amount of €23.7 million and 500,000 treasury shares for €7.0 million in the second quarter 2012. In May 2012, 459,723 treasury shares were delivered in order to serve 2010 Free Share Plans. In May and October 2013, 500,696 treasury shares were delivered in order to serve 2011 Free Share Plan.

As of December 31, 2013, Rexel held 1,670,202 treasury shares (2,292,534 as of December 31, 2012) valued at an average price of €13.21 per share (€12.72 per share as of December 31, 2012) that were recognized as a reduction in shareholders' equity, for a total of €22.1 million (€29.2 million as of December 31, 2012).

Net capital gains realized on the sale of treasury shares in 2013 amounted to €0.8 million net of tax and were recognized as an increase in shareholders' equity (net capital gain of €1.3 million in 2012).

16. Share-based payments

16.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan and also to service and market conditions as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OPERATIONAL MANAGERS		TOTAL
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2013 adjusted EBITA, (ii) 2012/2014 adjusted EBITA margin increase (iii) average free cash flow before interest and tax / EBITDA between 2013 and 2014 (iv) free cash flow before interest and tax 2013 and (v) Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions		Three-year service condition from grant date		
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Share fair value at grant date April 30, 2013	13.70	12.04	14.37	12.71	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Share fair value at grant date July 25, 2013	15.73	14.07			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Total maximum number of shares granted as of December 31, 2013	**475,856**	**724,370**	**88,000**	**404,300**	**1,692,526**

The fair value of Rexel's shares granted to key employees was computed based on a Monte Carlo model which simulates the evolution of Rexel's and panel shares' quotations at the end of the two years vesting period. Also, restrictions attached to the dividends until the delivery date of the shares to the beneficiaries were deducted from the fair value.

Plans issued in 2012

On May 2, 2012 and on July 26, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,262,404 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 3, 2014 and July 27, 2014), these being restricted for an additional two-year period (until May 3, 2016 and July 27, 2016), the so-called "2+2 Plan", or four years after the grant date with no subsequent restrictions, the so-called "4+0 Plan". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2012 adjusted EBITA, (ii) 2011/2013 adjusted EBITA margin increase and (iii) average free cash flow before interest and tax / EBITDA between 2012 and 2013 (iv) free cash flow before interest and tax 2012		
Plan	2+2	4+0	
May plan's delivery date	May 3, 2014	May 3, 2016	
Share fair value at grant date May 2, 2012	€14.47	€13.14	
Maximum number of shares granted on May 2, 2012	737,024	1,282,300	**2,019,324**
July plan's delivery date	July 27, 2014	July 27, 2016	
Share fair value at grant date July 26, 2012	€11.85	€10.46	
Maximum number of shares granted on July 26, 2012	59,243	183,837	**243,080**
Total maximum number of shares granted in 2012	**796,267**	**1,466,137**	**2,262,404**
Forfeited in 2012	(118,149)	(227,478)	**(345,627)**
Total maximum number of shares granted as of December 31, 2012	**678,118**	**1,238,659**	**1,916,777**
Forfeited in 2013	(470,615)	(839,965)	**(1,310,580)**
Total maximum number of shares granted as of December 31, 2013	**207,503**	**398,694**	**606,197**

The fair value of Rexel's shares granted to employees is estimated based upon the stock price at the grant date. Restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are excluded from the fair value.

Plans issued in 2011

On May 12, 2011 and October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,423,467 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 13, 2013 / October 14, 2013), these being restricted for an additional two-year period (until May 13, 2015 / October 12, 2015), the so-called "2+2 Plan", or four years after the grant date with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan.

Vesting conditions are presented in the following table:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OTHER KEY EMPLOYEES		OPERATIONAL MANAGER		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two-year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two-year service condition from grant date		
Plan	2+2	4+0	2+2	4+0	2+2	4+0	
May plan's delivery date	May 13, 2013	May 13, 2015	May 13, 2013	May 13, 2015	May 13, 2013	May 13, 2015	
Share fair value at grant date May 12, 2011	€17.22	€16.42	€17.22	€16.42	€17.22	€16.42	
Maximum number of shares granted on May 12, 2011	429,203	507,879	177,931	484,110	96,375	387,250	**2,082,748**
October plan's delivery date	October 14, 2013	October 12, 2015	October 14, 2013	October 12, 2015			
Share fair value at grant date October 11, 2011	€11.39	€10.34	€11.39	€10.34			
Maximum number of shares granted on October 11, 2011[(1)]	295,550	8,381	10,929	25,859			**340,719**
Total maximum number of shares granted in 2011	**724,753**	**516,260**	**188,860**	**509,969**	**96,375**	**387,250**	**2,423,467**
Forfeited in 2011	(65,301)	(82,178)	(18,474)	(60,197)	(9,750)	(11,500)	**(247,400)**
Maximum number of shares granted as of December 31, 2011	**659,452**	**434,082**	**170,386**	**449,772**	**86,625**	**375,750**	**2,176,067**
Forfeited in 2012	(311,597)	(239,950)	(76,333)	(203,856)	(3,625)	(24,625)	**(859,986)**
Maximum number of shares granted as of December 31, 2012	**347,855**	**194,132**	**94,053**	**245,916**	**83,000**	**351,125**	**1,316,081**
Delivered in 2013	(347,855)	–	(94,053)	–	(82,250)	–	**(524,158)**
Forfeited in 2013	–	(1,938)	–	(2,766)	(750)	(9,250)	**(14,704)**
Maximum number of shares granted as of December 31, 2013	**–**	**192,194**	**–**	**243,150**	**–**	**341,875**	**777,219**

(1) Of witch 59,018 shares granted to members of Group Executive Committee with only two year service.

The fair value of Rexel's shares granted to employees is estimated based upon the stock price at the grant date. Restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are excluded from the fair value.

Furthermore, on October 11, 2011, Rexel entered into free share plans for its Group Executive Committee members and top managers amounting to a maximum of 1,343,310 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (October 13, 2014), these being restricted for an additional two-year period (October 12, 2016), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The delivery of these shares is subject to service and market conditions as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		TOTAL
Vesting conditions	Three-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment condition		
Plan	3+2	5+0	
Delivery date	October 13, 2014	October 12, 2016	
Share fair value at grant date	€7.17	€6.15	
Maximum number of shares granted on October 11, 2011	840,334	502,976	**1,343,310**
Maximum number of shares granted as of December 31, 2011	**840,334**	**502,976**	**1,343,310**
Forfeited in 2012	–	(56,387)	**(56,387)**
Maximum number of shares granted as of December 31, 2012	**840,334**	**446,589**	**1,286,923**
Forfeited in 2013	(90,419)	–	**(90,419)**
Maximum number of shares granted as of December 31, 2013	**749,915**	**446,589**	**1,196,504**

The fair value of Rexel's shares granted to key employees was computed based on a Monte Carlo model which simulates the evolution of Rexel's and panel shares' quotations at the end of the three years vesting period. Also, restrictions attached to the dividends until the delivery date of the shares to the beneficiaries were deducted from the fair value.

Plans issued in 2010 and before

In 2010 and 2009, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 2,892,028 shares. Depending on local regulations and plan characteristics, these employees and executives will be eligible to receive Rexel shares, either after a period of two years from the grant dates, with a restriction on their sale for an additional two year period, or after a period of four years from the grant date with no subsequent restrictions on their sale.

The actual transfer of these free shares is subject to the service and performance conditions of the schemes.

	PLANS ISSUED IN 2010	PLANS ISSUED IN 2009
Share fair value at the grant date	€10.80	€6.42
Maximum number of shares granted initially	**1,519,862**	**1,372,166**
Forfeited	(173,897)	(337,522)
Delivered	(508,511)	(268,416)
Maximum number of shares granted as of December 31, 2012 and not yet delivered	**837,454**	**766,228**
Delivered in 2013	–	(766,228)
Maximum number of shares granted as of December 31, 2013 and not yet delivered	**837,454**	**0**

16.2 Stock option plans

On October 28, 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares, on May 31, 2006 and October 4, 2006, further options were granted to new management personnel. On November 30, 2005, a share option subscription arrangement was set up for a broader circle of key employees of the Group with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under these plans were vested in full upon the Initial Public Offering of Rexel shares in April 2007.

These options are exercisable by the beneficiaries at the fair value of the shares at the date of grant for a period of 10 years from grant date. These plans are qualified as equity-settled transactions.

DATE OF ALLOCATION / BENEFICIARIES	NUMBER OF INSTRUMENTS ORIGINALLY ALLOCATED	NUMBER OF OPTIONS ACTIVE AS OF DECEMBER 31, 2013	OPTIONS TERM	EXERCISE PRICE
OPTIONS ALLOCATED TO KEY MANAGERS ("PLAN NO. 1")				
– on October 28, 2005	2,711,000	32,820	October 28, 2016	€5.0
– on May 31, 2006	169,236	–		
– on October 4, 2006	164,460	–		
OPTIONS ALLOCATED TO KEY EMPLOYEES ("PLAN NO. 2")				
– on November 30, 2005	259,050	136,678	November 30, 2016	€5.0
– on May 31, 2006	34,550	5,476		€6.5
Total options granted by Rexel	**3,338,296**	**174,974**		

16.3 Employee share purchase plans

Pursuant to the authorization granted by the shareholders' meeting held on May 22, 2013 and by the Supervisory Board on May 22, 2013, the Management Board meeting held on September 3, 2013 decided to realize a capital increase in favour of employees in fifteen countries.

In most of these eligible countries, subscription has been carried out directly or through employee shareholding funds (*Fonds communs de placement d'entreprise* or FCPE) which received approval from the *Autorité des marchés financiers* (AMF) on June 13, 2013. The subscription period closed on September 30, 2013.

The price of the employee offering, except for US participating employees, was set at the average of the opening price of Rexel shares over the 20 trading days preceding the decision of the Management Board, minus a 20% discount, thus resulting in a subscription price of €14.34 per share. For US employees, the subscription price was set at 85% of the Rexel share price on the Paris Stock Exchange on September 10, 2013, *i.e.* €15.99 per share.

In France, participating employees benefit from an employer matching contribution equal to 150% of the subscribed amount up to €200 and 50% from €201 to €500 in the limit of €450.

Outside France, employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

In the United Kingdom, a specific share incentive plan has been proposed to employees through a trustee. Subscription price will be the minimum of the Rexel share market value as measured on September 30, 2013 (€18.8) and on March 12, 2014. Employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a three-year service condition within the Group.

The settlement and delivery of the shares subscribed for pursuant to this plan occurred on November 26, 2013 except for the United Kingdom plan that is expected to be closed in March 2014.

The overall subscription was €3.1 million. Benefits granted excluding matching shares to employees resulted in personnel costs of €1.4 million before tax of which €0.8 million related to the discount granted to employees and €0.6 million related to the employer matching contribution offered to beneficiaries in France.

16.4 Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Plans issued in 2009	–	0.2
Plans issued in 2010	0.9	2.3
Plans issued in 2011	5.0	13.6
Plans issued in 2012	2.9	2.7
Plans issued in 2013	4.3	–
Expense related to employee share purchase plan	1.3	1.1
Total free share plans expense	**14.4**	**19.9**

17. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	FOR THE YEAR ENDED DECEMBER 31,	
	2013	**2012**
Net income attributed to ordinary shareholders (in millions of euros)	***210.6***	***318.1***
Weighted average number of ordinary shares *(in thousands)*	275,708	267,931
Non dilutive potential shares *(in thousands)*	1,605	1,440
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***277,313***	***269,371***
Basic earning per share *(in euros)*	**0.76**	**1.18**
Net income attributed to ordinary shareholders (in millions of euros)	***210.6***	***318.1***
Weighted average number of issued common shares and non dilutive potential shares *(in thousands)*	277,313	269,371
Potential dilutive shares resulting from the dividend payment in shares *(in thousands)*	–	1,817
Potential dilutive shares *(in thousands)*	3,191	2,822
– of which share options *(in thousands)*	125	138
– of which bonus shares *(in thousands)* (1)	3,066	2,684
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***280,503***	***274,010***
Fully diluted earnings per share	**0.75**	**1.16**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance.

18. Provisions and other non-current liabilities

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Provisions	65.4	75.2
Derivatives	32.6	16.4
Other non-current liabilities	10.0	10.2
Total	**108.0**	**101.8**

Other non-current liabilities comprise profit sharing related payables to French employees in the amount of €10.0 million (€10.2 million at December 31, 2012).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING	TAX LITIGATION	OTHER LITIGATION & WARRANTY CLAIMS	VACANT PROPERTIES	TOTAL PROVISIONS
As of January 1, 2012	**18.4**	**19.7**	**28.3**	**58.9**	**125.3**
Change in consolidation scope	–	0.2	–	–	**0.2**
Increase	27.4	0.1	3.9	9.1	**40.5**
Use	(21.3)	(1.3)	(6.3)	(18.2)	**(47.1)**
Release	(0.5)	(12.2)	(2.5)	(28.9)	**(44.1)**
Translation differences	–	–	–	1.1	**1.1**
Other changes	(0.1)	–	(0.5)	(0.1)	**(0.7)**
As of December 31, 2012	**23.9**	**6.5**	**22.9**	**21.9**	**75.2**
Increase	11.5	0.5	4.6	12.3	**28.9**
Use	(17.1)	(0.2)	(2.8)	(14.0)	**(34.2)**
Release	(0.2)	–	(1.9)	(1.0)	**(3.1)**
Translation differences	(0.6)	(0.2)	(0.7)	(0.5)	**(2.0)**
Other changes	–	0.2	0.4	–	**0.6**
As of December 31, 2013	**17.5**	**6.8**	**22.5**	**18.7**	**65.4**

Provisions mainly comprise:

– Provisions for redundancy plans to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, distribution centers and administrative headquarters. Provisions for restructuring activities undertaken at December 31, 2013, mainly concerned, Europe for €13.0 million (€18.1 million in 2012), North America for €3.5 million (€4.8 million in 2012) and Asia-Pacific for €1.0 million (€1.1 million in 2012).

– Tax litigation concerned mainly France for €4.2 million (€4.2 million in 2012) and Canada for €1.6 million (€2.0 million in 2012).

– Other litigations and warranty claims amounted to €22.5 million (€22.9 million in 2012), of which €8.6 million (€7.5 million in 2012) relating to litigation with French social security authorities, €1.8 million for employee claims (€3.5 million in 2012) and €2.9 million for commercial litigations (€2.3 million in 2012);

– Provisions for lease commitments related to vacant properties concern mainly the United Kingdom for €9.5 million (€11.0 million in 2012), the United States for €3.9 million (€6.0 million in 2012) and France for €2.0 million (€2.5 million in 2012).

19. Post-employment and long-term benefits

19.1 Defined benefit plans description

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees.

The most significant funded defined benefit pension plans sponsored by the Group are in Canada, in the United Kingdom, in The Netherlands and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the *Rexel UK Pension Scheme* fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee board and the company. In that respect, the Trustee board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2011 and was rolled forward up to December 31, 2013 for accounting purposes. The Trustee board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund *"Pension Kasse"*, the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board *"Conseil de Fondation"* is responsible to set up adequate Company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In The Netherlands, the main pension plan in force is a mix between defined benefit and defined contribution ("hybrid-type" plan). The defined benefit portion is subject to a ceiling. Above the defined benefit portion, a defined contribution section applies. Defined benefit pension plan is a salary average plan open for new entrants and managed through a Board, *Sagittarius Pension Fund*. This Board is responsible for applying the administration agreement, the contributions with the company, and determining the investment strategy of the plan so as to comply with minimum funding levels required by the Dutch regulator (DNB). A full valuation is performed each year on January 1 and rolled forward to December 31.

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan "SERP" which provides retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

For both Canadian plans, a full actuarial valuation is performed every three years. The most recent valuations were performed as at December 31, 2012 for the Executives' Pension Plan and the SERP and as at December 31, 2010 for the Employees' Plan. The 2013 quantitative information on these plans was prepared based on a roll forward of these full valuations.

19.2 Employee Benefit Plan information

The change in the present value of the obligation in respect of defined benefit plans is as follows:

	DEFINED BENEFIT OBLIGATIONS					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2012	**334.2**	**335.5**	**254.7**	**153.0**	**144.0**	**1,221.3**
Service cost	2.3	0.1	3.8	4.5	4.8	15.5
Interest cost	16.5	16.2	11.4	4.2	6.6	54.9
Benefit payments	(18.8)	(11.3)	(11.5)	(6.3)	(6.8)	(54.7)
Employee contributions	0.6	–	0.8	2.6	0.3	4.3
Change in consolidation scope	–	–	–	–	1.7	1.7
Translation differences	–	7.6	0.8	1.0	(0.2)	9.2
Past service cost / settlement and other	(3.0)	–	(0.7)	(1.8)	(1.1)	(6.6)
Remeasurements						
Effect of change in demographic assumptions	*0.2*	*0.2*	–	–	*(0.1)*	*0.3*
Effect of change in financial assumptions	*78.4*	*41.8*	*19.4*	*20.3*	*24.9*	*184.8*
Effect of experience adjustments	*(10.9)*	*7.0*	*(0.8)*	*(4.5)*	*0.8*	*(8.4)*
As of December 31, 2012	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**
Service cost	2.7	0.1	3.7	5.4	5.3	17.2
Interest cost	12.5	15.1	10.2	2.9	5.3	46.0
Benefit payments	(18.4)	(10.4)	(12.5)	(5.2)	(18.4)	(64.9)
Employee contributions	0.7	–	0.7	2.7	0.2	4.3
Translation differences	–	(8.6)	(27.6)	(2.9)	(6.3)	(45.4)
Past service cost / settlement and other	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Remeasurements						
Effect of change in demographic assumptions	*18.9*	–	*9.1*	–	*1.6*	*29.6*
Effect of change in financial assumptions	–	*(16.7)*	*(31.9)*	*(11.0)*	*(6.0)*	*(65.6)*
Effect of experience adjustments	*(6.4)*	*1.1*	*1.7*	*(3.0)*	*(3.5)*	*(10.0)*
As of December 31, 2013	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	PLAN ASSETS					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2012	**346.5**	**261.9**	**160.6**	**142.0**	**49.6**	**960.6**
Employer contributions	2.8	16.1	14.3	5.2	6.6	45.0
Employee contributions	0.6	–	0.8	2.6	0.3	4.3
Interest income	17.6	12.1	7.3	4.0	2.1	43.1
Benefit payments	(18.8)	(11.3)	(11.5)	(6.3)	(6.8)	(54.7)
Translation differences	–	7.4	0.7	1.0	0.2	9.3
Return on plan assets excluding interest income (OCI)	33.7	4.4	1.7	0.2	2.1	42.1
As of December 31, 2012	**382.4**	**290.6**	**173.9**	**148.7**	**54.1**	**1,049.7**
Employer contributions	2.7	9.5	7.5	7.2	6.7	33.6
Employee contributions	0.7	–	0.7	2.7	0.2	4.3
Interest income	12.3	10.0	6.6	2.6	1.5	33.0
Benefit payments	(19.2)	(11.2)	(12.5)	(5.2)	(19.5)	(67.5)
Translation differences	–	(4.6)	(19.0)	(2.4)	(3.9)	(30.0)
Return on plan assets excluding interest income (OCI)	27.0	11.3	9.1	6.7	4.1	58.1
As of December 31, 2013	**405.9**	**305.6**	**166.4**	**160.3**	**43.0**	**1,081.2**

The change in the net liability / (asset) breaks down as follows:

	NET LIABILITY / (ASSET)					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2012	**(12.4)**	**73.6**	**94.1**	**10.9**	**94.3**	**260.7**
Service cost	2.3	0.1	3.8	4.5	4.8	15.5
Interest cost	(1.1)	4.1	4.1	0.2	4.5	11.8
Past service cost / settlement and other	(3.0)	–	(0.7)	(1.8)	(1.1)	(6.6)
Employer contributions	(2.8)	(16.1)	(14.3)	(5.2)	(6.6)	(45.0)
Change in consolidation scope	–	–	–	–	1.7	1.7
Translation differences	–	0.2	0.1	–	(0.4)	(0.1)
Remeasurements	34.0	44.6	16.9	15.6	23.5	134.6
As of December 31, 2012	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**
Service cost	2.7	0.1	3.7	5.4	5.3	17.2
Interest cost	0.2	5.1	3.6	0.3	3.8	13.0
Past service cost / settlement and other	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Employer contributions	(2.7)	(9.5)	(7.5)	(7.2)	(6.7)	(33.6)
Benefit payments	0.8	0.8	–	(0.0)	1.1	2.7
Translation differences	–	(4.0)	(8.6)	(0.5)	(2.3)	(15.4)
Remeasurements	(14.6)	(26.9)	(30.1)	(20.6)	(12.0)	(104.1)
As of December 31, 2013	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

	LIABILITY RECONCILIATION					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
For the year ended December 31, 2012						
Defined benefit obligations	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**
of which funded schemes	*399.5*	*395.7*	*236.1*	*170.6*	*91.7*	*1,293.6*
of which unfunded schemes	*–*	*1.4*	*41.8*	*2.4*	*83.2*	*128.7*
Fair value of plan assets	(382.4)	(290.6)	(173.9)	(148.7)	(54.1)	(1,049.7)
Recognized net liability for defined benefit obligations	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**
of which "Employee benefits"	*17.0*	*106.5*	*104.0*	*24.2*	*120.7*	*372.6*
of which "Other financial assets"	*–*	*–*	*–*	*–*	*–*	*–*
For the year ended December 31, 2013						
Defined benefit obligations	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**
of which funded schemes	*409.2*	*376.1*	*200.9*	*159.6*	*67.2*	*1,213.0*
of which unfunded schemes	*–*	*1.6*	*27.5*	*2.6*	*79.9*	*111.6*
Fair value of plan assets	(405.9)	(305.6)	(166.4)	(160.3)	(43.0)	(1,081.2)
Recognized net liability for defined benefit obligations	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**
of which "Employee benefits"	*3.3*	*72.2*	*62.0*	*1.9*	*104.0*	*243.4*
of which "Other financial assets"	*–*	*–*	*–*	*–*	*–*	*–*

19.3 Re-measurements of the net defined benefit liability

	OTHER COMPREHENSIVE INCOME					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Return on plan assets excluding interest income	(33.7)	(4.4)	(1.7)	(0.2)	(2.2)	(42.2)
Effect of change in demographic assumptions	0.2	0.2	–	–	(0.1)	0.3
Effect of change in financial assumptions	78.4	41.8	19.3	20.2	24.5	184.2
Effect of experience adjustments	(10.9)	7.0	(0.8)	(4.5)	0.7	(8.5)
OCI recognized for the year ended December 31, 2012	**34.0**	**44.6**	**16.8**	**15.5**	**22.9**	**133.8**
Return on plan assets excluding interest income and asset ceiling	(27.0)	(11.3)	(9.1)	(6.7)	(4.1)	(58.1)
Effect of change in demographic assumptions	18.9	–	9.1	–	1.5	29.5
Effect of change in financial assumptions	–	(16.7)	(31.8)	(11.0)	(6.1)	(65.6)
Effect of experience adjustments	(6.4)	1.1	2.1	(3.0)	(3.0)	(9.2)
OCI recognized for the year ended December 31, 2013	**(14.6)**	**(26.9)**	**(29.7)**	**(20.6)**	**(11.7)**	**(103.4)**

Significant plan amendments

For the period ended December 31, 2013

Effective on June 30, 2013, post-employment benefits scheme (other than pensions) in Canada was amended to enable employees to elect for a cash lump-sum settlement benefits in lieu of post-employment coverage (health & dental care, life insurance) on retirement. As a result of this amendment, a gain of €3.1 million (CAD4.2 million) was recognized in the income statement as a reduction in administrative expenses (salaries and benefits).

Following a resolution of the Trustee board of the Irish pension plan dated June 26, 2013, the pension scheme was wound-up and the benefits were transferred to a new defined contribution plan. A full valuation was performed at the date of the wind-up of this defined benefit retirement plan resulting in the recognition of a profit in the income statement of €4.4 million (see note 7.1).

In France, a curtailment gain of €1.6 million was recognized as a result of the reduction in the participating members of a supplemental executive retirement scheme.

For the period ended December 31, 2012

In The Netherlands, following a reduction in workforce a curtailment gain was recognized for €0.8 million. In addition, plan changes affecting retirement age, partner pension and conditional indexation have been implemented during 2012. The gain resulting from plan amendment was recognized in the income statement for €2.2 million.

The Swiss retirement plan was amended as a result of a decision of the Trustees board to improve funding levels, comprising of a decrease in conversion rates and increase in future employee and employer contributions resulting in a gain of €1.8 million recognized in the income statement.

In Canada, medical care benefits rationalization of post-employment healthcare program have led to a reduction of the defined benefit obligation recognized in the income statement for €0.9 million.

19.5 Plan asset allocation

	PLAN ASSETS CLASS			
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	–	30.5	0.8	–
Equity instruments (quoted in an active market)	109.1	16.2	75.2	44.6
Debt instruments (quoted in an active market)	190.0	107.9	94.5	66.9
Real estate	–	–	–	26.8
Investment funds	–	135.4	–	–
Asset held by insurance company	83.3	–	3.4	–
Other	–	0.6	–	10.4
As of December 31, 2012	**382.4**	**290.6**	**173.9**	**148.7**
Cash and cash equivalents	0.6	16.6	0.8	11.9
Equity instruments (quoted in an active market)	124.6	17.1	72.2	52.4
Debt instruments (quoted in an active market)	197.4	124.2	90.4	60.9
Real estate	–	–	–	31.8
Investment funds	–	147.1	–	3.3
Asset held by insurance company	83.3	–	3.0	–
Other	–	0.6	–	–
As of December 31, 2013	**405.9**	**305.6**	**166.4**	**160.3**

19.4 Employee Benefit expense

The expense recognized in the consolidated income statement breaks d

(in millions of euros)	THE NETHERLANDS	UN KING
Service cost (1)	2.3	
Past service costs (1)	(3.0)	
Net Interest expense (2)	(1.1)	
Other (1)	–	
Expense recognized for the year ended December 31, 2012	**(1.8)**	
Service costs (1)	2.7	
Past service costs (1)	(0.3)	
Net Interest expense (2)	0.2	
Other (1)	0.7	
Expense recognized for the year ended December 31, 2013	**3.3**	

(1) Recognized as personnel costs (see note 6) and in other income (see note 7).
(2) Recognized as net financial expenses (see note 8).

19.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	THE NETHERLANDS		UNITED KINGDOM		CANADA		SWITZERLAND	
(in %)	2013	2012	2013	2012	2013	2012	2013	2012
Average plan duration	15	15	17	17	14	13	16	12
Discount rate	3.25	3.25	4.50	4.00	4.75	3.98	2.00	1.75
Future salary increases	3.00	3.00	–	–	3.11	3.00	2.00	2.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor's, Moody's and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash-flows, results in the same interest cost as the application of the individual rates would have produced.

19.7 Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

Volatility in discount rates and inflation

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

Volatility in asset values

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	SENSITIVITY TO A 25 BASIS POINTS DECREASE IN DISCOUNT RATE					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	0.1	–	0.1	0.1	0.1	0.4
Defined Benefit Obligation	15.7	15.8	7.8	6.6	4.0	50.0

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(12.5)	(1.7)	(7.2)	(5.2)	(1.9)	(28.5)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights,
- rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps,
- selective additional cash contributions to increase funding level, on top of regular contributions,
- inflation and interest rate hedging,
- adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration,
- regular meetings with trustees, and
- periodic review of investment performance by independent advisors to monitor investment volatility.

19.8 Expected cash flows

	EXPECTED CASH FLOW					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2014	18.7	11.6	11.7	5.1	6.3	53.5
Expected benefit payments for 2015	18.7	12.0	11.9	5.2	8.6	56.4
Expected benefit payments for 2016	18.7	12.6	12.3	5.2	5.7	54.5
Expected benefit payments for 2017	18.7	13.7	12.8	5.3	6.1	56.6
Expected benefit payments for 2018 and after	113.8	99.2	85.7	45.4	53.6	397.6
Expected benefit contributions for 2014	2.6	9.7	7.1	3.9	4.5	27.8

20. Financial liabilities

This note provides information on financial liabilities as of December 31, 2013. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

20.1 Net financial debt

	AS OF DECEMBER 31,					
	2013			2012		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior Notes	–	1,835.6	1,835.6	–	1,504.3	1,504.3
Credit Facilities	–	–	–	–	25.9	25.9
Securitization	–	1,067.5	1,067.5	351.7	747.8	1,099.5
Bank loans	35.6	19.2	54.8	43.3	16.7	60.0
Commercial paper	119.1	–	119.1	114.8	–	114.8
Bank overdrafts and other credit facilities	54.3	–	54.3	77.6	–	77.6
Finance lease obligations	7.3	24.7	32.0	51.2	31.1	82.3
Accrued interests (1)	11.6	–	11.6	9.4	–	9.4
Less transaction costs	(11.2)	(38.8)	(50.0)	(20.5)	(22.6)	(43.1)
Total financial debt and accrued interest	***216.7***	***2,908.2***	***3,124.9***	***627.6***	***2,303.2***	***2,930.8***
Cash and cash equivalents			(957.8)			(291.9)
Debt hedge derivatives			25.1			(39.8)
Net financial debt			**2,192.0**			**2,599.2**

(1) Of which accrued interests on Senior Notes for €4.6 million as of December 31, 2013 (€4.5 million as of December 31, 2012).

20.1.1 Senior Facility Agreement

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the "Senior Facility Agreement") with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 2.00% *per annum* and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 1.45% to 3%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's consolidated financial statements and :

– includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, *prorata* to the Group's participation;

– includes proceeds relating to commodity price derivatives to hedge exposure to price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;

– excludes expenses relating to employee profit sharing and any share based payments or the granting of share subscription options;

– excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions;

– after adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the Measurement Period; and

– adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

– less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;

– plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;

– plus accrued interest (including capitalized interest), excluding interest accrued on intra-group loans; and

– minus cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

This refinancing transaction was accounted for as an exchange of debt without any recognition of gain and loss in the income statement.

In September 2013, the maximum commitment under the 2013 Senior Facility Agreement was reduced by €45 million following the execution of a bilateral €45.0 million Term Loan Agreement. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2013 Senior Facility Agreement.

As of December 31, 2013, this credit facility was not drawn down.

20.1.2 Senior notes

	AS OF DECEMBER 31,									
	2013					**2012**				
		NOMINAL AMOUNT *(in millions of currency)*	NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS	**TOTAL**		NOMINAL AMOUNT *(in millions of currency)*	NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS	**TOTAL**
Senior notes due 2016	EUR	–	–	–	**–**	EUR	586.3	586.3	43.7	**630.0**
Senior notes due 2018	EUR	488.8	488.8	(0.3)	**488.5**	EUR	488.8	488.8	5.4	**494.2**
Senior notes due 2019	USD	500.0	362.6	(11.5)	**351.1**	USD	500.0	379.0	1.2	**380.1**
Senior notes due 2020	USD	500.0	362.6	(8.6)	**354.0**	–	–	–	–	**–**
Senior notes due 2020	EUR	650.0	650.0	(7.9)	**642.1**	–	–	–	–	**–**
TOTAL			**1,863.9**	**(28.3)**	**1,835.6**			**1,454.1**	**50.3**	**1,504.3**

Notes due 2020

Concurrently with the refinancing of the Senior Facility Agreement in the first half of 2013, Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT) EURO BONDS	DOLLAR BONDS
June 15, 2016	103.844%	103.938%
June 15, 2017	102.563%	102.625%
June 15, 2018	101.281%	101.313%
June 17, 2019 and after	100.000%	100.000%

The net proceeds of these notes were used on April 17, 2013 to redeem the 8.25% senior notes due 2016.

These notes were redeemed at their principal amount of €586.3 million plus accrued and unpaid interest of €16.0 million and an applicable "make-whole" redemption premium of €54.0 million.

In the first half of 2013, in relation to the repayment of the senior notes due 2016, the Group revised the amortized cost of such notes and recognized a financial expense of €23.5 million as a result of the effective interest rate method. This loss includes the "make-whole" premium plus the unamortized initial transaction costs of €9.1 million after deducting fair value hedge adjustments of €39.6 million.

As of December 31, 2013, the fair value of notes due 2020 is hedged for an amount of €500 million and US$500.0 million (€362.6 million). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Notes due 2019

On March 28, 2012, Rexel issued US$400 million (€299.9 million) senior unsecured notes. The notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. They are listed on the Luxembourg Stock Exchange. On April 23, 2012, an additional US$100 million principal amount of these notes was issued at a price of 100.75% of nominal (*i.e.* an issuance price of €76.7 million). The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The notes will mature on December 15, 2019.

The notes are redeemable in whole or in part at any time prior to December 15, 2015 at a redemption price equal to 100% of their principal amount, plus a “make-whole” premium and accrued and unpaid interest. On or after December 15, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

In addition, at any time on or prior to June 15, 2015, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2013, the fair value of notes due 2019 is hedged for an amount of US$500.0 million (€362.6 million). As of December 31, 2012, these notes due 2019 were hedged for an amount of US$300.0 million. The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Notes due 2018

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel pays interest on the Notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The notes will mature on December 17, 2018.

Notes due 2018 and all of Rexel’s existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

Notes due 2018 are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, plus a “make-whole” premium and accrued and unpaid interest. On or after June 17, 2015, the Notes are redeemable in whole or in part by paying the redemption price set forth below.

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the Notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2013, the fair value of Senior Notes due 2018 is hedged for an amount of €300 million (€300 million as of December 31, 2012). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Call options embedded in the senior notes have not been bifurcated as on each exercise date:

– the exercise price of the option is approximately equal to the amortized cost of the senior notes;

– the exercise price approximates the present value of lost interest for the holders of the senior notes.

20.1.3 Securitization programs

The Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of the Rexel Group’s securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization vehicle’s subordinated notes.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of an off-balance sheet US program described in the following paragraphs, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group’s balance sheet on the line “Trade accounts receivable” whereas the financing received is shown as financial debt.

In addition to these on-balance sheets programs, in 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of CALYON, to sell a participating interest in eligible trade receivables of

Rexel's US subsidiaries under a Receivables Participation Agreement ("RPA"). This agreement allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2015.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or a risk attached to the servicing of the receivables are guaranteed by a collateral. Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date.

The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2013, derecognized receivables totaled €106.3 million (€112.2 million as of December 31, 2012) and the resulting loss was recorded as a financial expense for €5.1 million (€5.3 million in 2012). Carrying value and fair value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €7.3 million and was recognized in financial liabilities (€18.5 as of December 31, 2012).

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of December 31, 2013, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

PROGRAM	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2013	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2013	BALANCE AS OF DECEMBER 31, 2013	BALANCE AS OF DECEMBER 31, 2012	REPAYMENT
	(in millions of currency)			*(in millions of euros)*		
2011 – Europe and Australia	EUR 425.0	EUR 531.6	EUR 402.4	402.4	422.3	12/16/2016
United States	USD 470.0	USD 619.9	USD 450.0	326.3	280.7	12/18/2015
Canada(1)	CAD 190.0	CAD 286.4	CAD 190.0	129.5	144.6	11/17/2017
2008 – Europe(2)	EUR 384.0	EUR 421.8	EUR 308.0	308.0	351.8	12/19/2018
TOTAL				**1,166.2**	**1,199.6**	
Of which:						
– on balance sheet				1,067.5	1,099.6	
– off balance sheet (Ester program)				98.7	99.9	

(1) On November 19, 2012, Rexel renewed the securitization program in Canada over a five-year period.
(2) On November 29, 2013, Rexel renewed the securitization program in Europe over a five-year period.

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of December 31, 2013, the total outstanding amount authorized for these securitization programs was €1,279.3 million, of which €1,166.2 million was used.

20.1.4 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with fixed maturities ranging from one to three months depending on the notes issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2013, the company had issued €119.1 million of commercial paper (€114.8 million as of December 31, 2012).

20.2 Change in net financial debt

As of December 31, 2013 and 2012, the change in net financial debt was as follows:

	FOR THE PERIOD ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
As of January 1	**2,599.2**	**2,078.2**
Issuance of Senior Notes net of transaction cost	1,025.2	376.6
Buy-out of Senior Notes	(640.3)	(69.1)
Net change in term loan facilities	(25.9)	2.6
Transaction costs and refinancing costs	(15.5)	(10.6)
Net change in other credit facilities and bank overdrafts	(14.4)	(9.0)
Net change in credit facilities	**329.1**	**290.6**
Net change in securitization	16.9	14.8
Net change in finance lease liabilities	(48.9)	9.4
Net change in financial liabilities	***297.0***	***314.8***
Change in cash and cash equivalents	(665.2)	125.8
Translation differences	(103.2)	(8.5)
Effect of changes in consolidation scope on gross indebtedness	–	27.4
Amortization of transaction costs	13.8	21.1
Non recurring refinancing costs	23.5	–
Other changes[1]	26.8	40.2
As of December 31	**2,192.0**	**2,599.2**

(1) Of which in 2013, €30.4 million relating to the settlement of interest swap qualified as fair value hedge on the Senior notes due 2016 and in 2012, €43.4 million relating to the recognition of financial lease obligation following amendments to lease agreement of vacant properties in the United Kingdom.

21. Market risks and financial instruments

21.1 Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80%, 50% on a two-year rolling basis, and 25% on a three-year rolling basis of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Senior Notes and other fixed rate debt	1,866.4	1,522.1
Floating to fixed rate swaps	1,550.0	1,026.1
Fixed to floating rate swaps	(1,525.1)	(938.7)
Sub-total fixed or capped rate instruments	**1,891.3**	**1,609.5**
Floating rate debt before hedging	1,283.4	1,369.0
Floating to fixed rate swaps	(1,550.0)	(1,026.1)
Fixed to floating rate swaps	1,525.1	938.7
Cash and cash equivalents	(957.8)	(291.9)
Sub-total floating rate debt instruments	**300.7**	**989.7**
Total net financial debt	**2,192.0**	**2,599.2**

Fair value hedge derivatives

As of December 31, 2013, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	WEIGHTED AVERAGE FIXED RATE RECEIVED	FLOATING RATE PAID	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING VARIABLE RATE						
Euro	300.0	300.0	December 2018	1.08%	3M EURIBOR	(0.1)
	500.0	500.0	June 2020	1.19%	3M EURIBOR	(6.0)
American dollar	500.0	362.6	December 2019	1.57%	3M LIBOR	(10.4)
	500.0	362.6	June 2020	1.91%	3M LIBOR	(7.1)
Total		**1,525.1**				**(23.4)**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.8 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

The change in fair value of these fair value hedging swaps for the period ending December 31, 2013 represented a loss of €37.4 million, partially offset by a gain of €38.9 million resulting from the change in the fair value of the Senior Notes.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature until June 2016. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2013, derivative instruments classified as cash flow hedges are as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
Euro	200.0	200.0	March 2014	1M EURIBOR	2.12%	(4.0)
American dollar	200.0	145.0	June 2015	1M LIBOR	0.38%	(0.4)
Canadian dollar	90.0	61.3	March 2015	1M C-DOR	1.45%	(0.4)
	90.0	61.3	September 2015	3M C-DOR	1.61%	(0.2)
Australian dollar	100.0	64.8	June 2016	1M BB AUD	2.98%	(0.7)
British pound	50.0	60.0	March 2014	3M LIBOR	0.48%	0.0
Total		**592.5**				**(5.7)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €4.5 million.

The change in fair value of the cash flow hedging instruments for the period ending December 31, 2013 was recorded as a €2.3 million increase in cash-flow hedge reserve (before tax). The ineffectiveness recognized in 2013 was immaterial.

Derivatives not eligible for hedge accounting

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED (PAID)	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
Euro	62.5	62.5	May 2018	6M EURIBOR	3.21%	(6.4)
American dollar	100.0	72.5	September 2014	3M LIBOR	1.56%	(0.7)
	250.0	181.3	September 2015	3M LIBOR	0.53%	(0.3)
	300.0	217.5	June 2016	3M LIBOR	0.79%	(0.9)
Swedish Krona	1,300.0	146.7	September 2016	3M STIBOR	1.73%	(1.1)
Swiss franc	90.0	73.3	March 2014	3M LIBOR	0.81%	(0.6)
	100.0	81.5	March 2015	3M LIBOR	(0.02)%	0.0
	150.0	122.2	December 2016	3M LIBOR	0.39%	(0.6)
Total		**957.5**				**(10.5)**

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.8 million.

These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IAS 39 provisions.

Sensitivity to interest rate variation

As of December 31, 2013, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €7.8 million and a €25.9 million rise in the fair value of the hedging instruments, of which a €20.6 million financial income and a €5.4 million gain in other comprehensive income, before tax effect.

21.2 Foreign exchange risk

The Group's financing policy is to centralize external borrowings and to provide financing to its foreign subsidiaries in their own functional currencies. The foreign currency risk arises principally from intercompany financings denominated in currencies other than euro and is managed at corporate level. In order to neutralize foreign exchange risk exposure, the group's parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps). As part of this policy, the group issued senior notes denominated in US dollars in 2012 and 2013 for an aggregate amount of

US$1,000 million of which US$919 million were qualified as net investment hedges of the US group's net assets. As of December 31, 2013, unrealized exchange gains in other comprehensive income related to external borrowings qualified as net investment hedges account for €46.4 million.

As of December 31, 2013, the notional value of foreign exchange derivatives was €0.2 million (€0.1 million of forward sales and €0.1 million of forward purchases). Forward contracts are recognized at their fair value for a net positive amount of €0.6 million. The change in fair value of forward contracts for the period ending December 31, 2013 was recorded as financial loss for €1.8 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British pound) would lead to a decrease (increase) in sales of €303.1 million and a decrease (increase) in operating income before other income and other expenses of €15.1 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2013 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €84.5 million and €92.5 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	EURO	US DOLLAR	CANADIAN DOLLAR	AUSTRALIAN DOLLAR	NORWEGIAN KRONE	SWEDISH KRONA	BRITISH POUND	SWISS FRANC	OTHER CURRENCIES	TOTAL
Financial liabilities	1,762.0	945.0	129.8	96.8	1.6	0.3	151.9	0.5	62.1	3,150.0
Cash and cash equivalents	(1,266.9)	(59.7)	99.1	20.8	(65.2)	175.8	(55.9)	227.1	(33.1)	(957.8)
Net financial position before hedging	**495.1**	**885.3**	**228.9**	**117.6**	**(63.6)**	**176.1**	**96.0**	**227.6**	**29.0**	**2,192.0**
Impact of hedges	6.1	1.1	(9.9)	–	28.1	–	(34.0)	(0.4)	9.0	–
Net financial position after hedging	**501.2**	**886.4**	**219.0**	**117.6**	**(35.5)**	**176.1**	**62.0**	**227.2**	**38.0**	**2,192.0**
Impact of a 5% increase in exchange rates	*–*	*44.3*	*11.0*	*5.9*	*(1.8)*	*8.8*	*3.1*	*11.4*	*1.9*	*84.5*

21.3 Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2013	2012
DUE WITHIN		
One year	227.9	648.1
Two years	252.2	198.0
Three years	411.5	34.7
Four years	134.3	1,065.2
Five years	798.2	147.8
Thereafter	1,350.9	880.1
Total financial debt	**3,174.9**	**2,973.9**
Transaction costs	(50.0)	(43.1)
Financial debt	**3,124.9**	**2,930.8**

As of December 31, 2013, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	FINANCIAL DEBT & INTERESTS	DERIVATIVES	TOTAL
DUE WITHIN			
One year	372.6	(4.4)	368.2
Two years	395.6	(10.3)	385.3
Three years	546.8	(0.9)	545.9
Four years	259.6	11.4	271.0
Five years	913.4	19.9	933.3
Thereafter	1,448.4	28.7	1,477.1
Total financial deb	**3,936.3**	**44.4**	**3,980.7**

The senior notes issued in May 2011, whose nominal value amounts to €488.8 million, mature in December 2018, the US$500 million senior notes issued in April 2012 mature in December 2019, and the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Facility Agreement was refinanced in March 2013 for a period of 5 years ending in March 2018. The Senior Facility Agreement together with the Bilateral Term loans provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million (see note 20.1.1).

Lastly, securitization programs mature in 2015, 2016, 2017 and 2018. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

In addition, the trade accounts payable amounted to €2,009.9 million as of December 31, 2013 (€1,937.2 million as of December 31, 2012) and are due in less than one year.

As of December 31, 2013, the Group's liquidity amounted to €1,884.3 million (€1,173.4 million as of December 2012) in excess of €1,656.4 million compared to €227.9 million expected to be paid within the next twelve months with respect to debt repayment.

(in millions of euros)	AS OF DECEMBER 31, 2013	2012
Cash and cash equivalents	957.8	291.9
Bank overdrafts	(54.3)	(77.6)
Commercial paper	(119.1)	(114.8)
Undrawn Senior credit agreement	1,100.0	1,074.1
Others	(0.2)	(0.1)
Liquidity	**1,884.3**	**1,173.4**

21.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The maximum risk corresponding to the total accounts receivable after guarantees and impairment amounted to €2,062.8 million and is detailed in note 11.2 Trade receivables.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €958.1 million as of December 31, 2013 (€342.1 million as of December 31, 2012), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €496.6 million (€491.7 million as of December 31, 2012) and mainly corresponds to supplier discounts receivable.

22. Summary of financial liabilities

			AS OF DECEMBER 31,			
			2013		2012	
(in millions of euros)	CATEGORY IAS 39	IFRS 7 HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bonds	AC	1	1,835.6	1,961.1	1,504.3	1,590.6
Other financial debts, including accrued interest	AC		1,289.3	1,289.3	1,426.5	1,426.5
Total financial liabilities			**3,124.9**		**2,930.8**	
Hedging derivatives (1)	FV P&L	2	24.2	24.2	–	–
Hedging derivatives (1)	FV OCI	2	0.4	0.4	4.9	4.9
Other derivative instruments not eligible to hedge accounting	FV P&L	2	7.9	7.9	11.5	11.5
Other liabilities (2)	NA		10.0	NA	10.2	NA
Total other non-current liabilities			**42.5**		**26.6**	
Trade accounts payable	AC		**2,009.9**	**2,009.9**	**1,937.2**	**1,937.2**
Vendor rebates receivable	AC		104.0	104.0	114.6	114.6
Personnel and social obligations (2)	NA		225.9	NA	260.5	NA
VAT payable and other sales taxes (2)	NA		69.1	NA	69.8	NA
Hedging derivatives (1)	FV P&L	2	–	–	–	–
Hedging derivatives (1)	FV OCI	2	0.8	0.8	0.8	0.8
Other derivative instruments not eligible to hedge accounting	FV P&L	2	1.7	1.7	7.6	7.6
Other liabilities	AC		213.0	213.0	201.1	201.1
Deferred income	NA		7.2	NA	6.7	NA
Total other debts			**621.6**		**661.1**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

Financial liabilities – stated at amortized cost	AC
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	NA

* For fair value hierarchy see note 2.10.4.

23. Operating leases

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancelable leases:

	PAYMENTS OUTSTANDING AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
DUE WITHIN		
One year	201.9	201.9
Two years	147.6	148.8
Three years	103.5	106.8
Four years	65.3	69.3
Thereafter	140.6	130.4
Total	**658.8**	**657.2**

The total expense under operating lease contracts was €214.6 million for the year ended December 31, 2013 (€226.2 million as of December 31, 2012).

24. Related party transactions

Executive compensation

Expenses relating to compensation of the executive committee members of the Group are as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Salaries and other short-term benefits	14.1	14.0
Post-employment benefits (service costs)	0.9	1.0
Indemnities at termination of contract	-	3.2
Free shares and stocks options (1)	6.1	8.3

(1) Share-based payment expense is detailed in Note 16 – Share based payments.

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

In the event of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €11.2 million.

25. Litigation & other contingencies

25.1 Litigation

The Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim against the Group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. Based on the current situation, the Group is therefore unable to predict the financial consequences that may result from these proceedings.

The principal tax proceedings involving Group companies as of December 31, 2013 are described below:

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium was subject to a tax reassessment for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of this tax reassessment, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2011 amounts to €78.0 million. All reassessments have been challenged by Manudax Belgium.

In 2013, Manudax's liquidator entered into an agreement with the Belgian tax authorities to settle the matter for an amount of €13 million, and the parties withdrew all pending claims before courts. This agreement has no impact on the results and the financial situation of the Rexel Group, as the investment in Manudax has been entirely written off.

Rexel Distribution (absorbed by Rexel Développement in 2011)

The French tax authorities alleged that the selling price of Rexel Distribution's shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg, was €46 million lower than its market value, resulting in an income tax reassessment of €18 million, which was covered in full by a provision. In March 2011, the case was referred to the Administrative Court, which issued a judgment in November 2012 rejecting the tax reassessment entirely. The tax authorities lodged an appeal in January 2013.

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

Hagemeyer Finance BV Finnish branch

In a preliminary report, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should be allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. The Group disputed this analysis in a response letter sent in September 2013. The tax amount at stake for the period 2008-2013 amounted to 11.2 million euros. Rexel considers that it is more likely than not that the matter will be resolved favorably for Rexel and has therefore not recorded a provision.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

25.2 Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain subsidiaries. These warranties had not been called as of the balance sheet date, except where stated otherwise.

Tax warranties

In connection with previous divestment transactions, the Group committed to indemnify purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.

As of December 31, 2013, only Techpac Holdings Ltd has notified to Hagemeyer N.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as "Vendors" and Techpac Holdings Ltd as "Purchaser" ("the SSA"). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer N.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

Warranties given in connection with the sale of the non-core business of Westburne in Canada

Effective June 30, 2001, the Group sold the non-electrical portion of its business, namely Plumbing and Waterworks, Refrigeration & HVAC and Industrial Products, operated by various wholly-owned subsidiaries in Canada for CAD$550 million. As part of the purchase and sale agreement, the Group retained certain liabilities of the businesses which related to events occurring prior to the sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Group agreed to indemnify the purchaser in the event that a third party asserts a claim against the purchaser that relates to liabilities retained by the Group. According to the purchase and sale agreement, the Group will be released from its obligations under these warranties over a 15-year period with the final obligations being released in 2016.

26. Events after the reporting period

On January 7, 2014 the Group completed the acquisition of Esabora Digital Services pursuant to a share purchase agreement dated November 14, 2013. This company, based in France, is specialized in editing advanced software tools for electrical contractors and installers. The consideration transferred was €7.0 million including €0.2 of cash acquired.

27. Consolidated entities as of December 31, 2013

All subsidiaries are fully integrated.

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Société Coaxel Toulousaine	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Ajaccio	100.00
SCI Adour Bastillac	Paris	70.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
BizLine S.A.S.	Paris	100.00
Citadel S.A.S.	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Rosny-sous-Bois	100.00
R-Scan	Pacé	100.00
Distodiag	Pacé	100.00
Enerlogy	Pacé	100.00
SBEM	Pacé	100.00
Eurobat	Croissy-Beaubourg	100.00
La Boîte Electrique	Paris	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd.	Potters Bar	100.00
Senate Group Ltd.	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Potters Bar	100.00
Rexel (UK) Ltd.	Potters Bar	100.00
Newey & Eyre Ltd.	Potters Bar	100.00
Parker Merchanting Limited	Potters Bar	100.00

	HEAD OFFICE	% INTEREST
WF Electrical Plc	Potters Bar	100.00
Newey & Eyre (C.I.) Ltd.	Guernsey	100.00
Warrior Ltd.	Potters Bar	100.00
H.A. Wills (Southampton) Ltd.	Potters Bar	100.00
Rexel UK Pension Trustees Ltd.	Potters Bar	100.00
A&A Security Technologies Limited	Potters Bar	100.00
Defiance Contractor Tools Limited	Potters Bar	100.00
J&N Wade Limited	Potters Bar	100.00
Clearlight Electrical Company	Potters Bar	100.00
Power Industries Limited	Potters Bar	100.00
OLC Limited	Potters Bar	100.00
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
B.V. Electrotechnische Groothandel J.K. Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Gouda	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer NV	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel NCE B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Erka Materiales Eléctricos, S.L.	Renteria	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Lisboa	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Tralee	100.00

	HEAD OFFICE	% INTEREST
Hagemeyer Industrial Ireland Ltd.	Limerick	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
Rexel RE S.A.	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Brno	100.00
Slovakia		
Hagard. Hal, spol. Sr.o.	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services kft	Fót	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Rexel Finland Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00
SOUTH AMERICA		
Peru		
Rexel Peru Holding S.A.C.	Lima	100.00
Rexel Peru S.A.C.	Lima	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Delamano Montagens e Instalações Industriais	Santo Andre	100.00
Nortel Suprimentos Industrias S.A.	Campinas	100.00
NORTH AMERICA		
United States		
Rexel Holdings USA Corp.	Dallas	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00

	HEAD OFFICE	% INTEREST
SPT Holdings Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
Consolidated Electrical Supply Limited	Dallas	99.80
General Supply & Services Inc.	Dallas	100.00
Gesco General Supply & Services Puerto Rico LLC	Shelton	100.00
General Supply & Services Malaysia LLC	Shelton	100.00
General Supply & Services Macau LLC	Shelton	100.00
General Supply & Services Indonesia LLC	Shelton	100.00
General Supply & Services SA Holding LLC	Shelton	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
Liteco Inc.	Fredericton	100.00
ASIA-OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd.	Kowloon	100.00
Huazhang Electric Automation Holding Co Ltd.	Hong Kong	70.00
LuckyWell Int'l Investment Ltd.	Hong Kong	100.00
China		
Rexel Hailongxing Electrical Equipment Co., Ltd.	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co., Ltd.	Shanghai	65.00
Zhejiang Huazhang Automation Equipment Co., Ltd.	Huanzhou	70.00
GE Supply (Shanghai) Co., Ltd.	Shanghai	100.00
Rexel China Management Co., Ltd.	Shanghai	100.00
Suzhou Xidian Co., Ltd.	Suzhou	100.00
Beijing LuckyWell-ZN Electrical Co., Ltd.	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co., Ltd.	Beijing	65.00
Henan Qixin Automation Equipment Co., Ltd.	Zhengzhou	65.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
India		
Yantra Automotion Private Limited	Pune	100.00
Rexel India Private Limited	Mumbai	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
Gexpro Supply (Macau) Company Limited	Macau	100.00
Korea		
Gexpro korea Co., Ltd.	Seoul	100.00
Indonesia		
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00

	HEAD OFFICE	% INTEREST
Pt General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00
Singapore		
Gexpro Asia Pte Ltd.	Singapore	100.00
Rexel South East Asia Pte Ltd.	Singapore	100.00
Luxlight Pte, Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co., Ltd.	Bangkok	49.00
Rexel Quality Trading Co., Ltd.	Bangkok	70.00
Vietnam		
Rexel Vietnam Co., Ltd.	Ho Chi Minh City	100.00
Australia		
Rexel Holdings Australia Pty Ltd.	Sydney	100.00
Rexel Electrical Supplies Pty Ltd.	Sydney	100.00
Australian Regional Wholesalers Pty Ltd.	Sydney	100.00
EIW Holding Pty Ltd.	Sydney	100.00
Hagemeyer Holdings (Australia) Pty Ltd.	Sydney	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
United Arab Emirates		
Redco FZE	Dubaï	100.00

5.2 Statutory Auditors' report on the Consolidated Financial Statements for the financial year ended December 31, 2013

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Year ended December 31, 2013

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Rexel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the management board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, according to the accounting policies and principles described in notes 2.8 and 10.1 to the consolidated financial statements. We have examined the terms and conditions for implementing these tests, as well as the data and assumptions used. We have also verified that the information disclosed in notes 7.2 and 10.1 to the consolidated financial statements is appropriate, especially regarding the sensitivity analysis;
- your company has booked provisions relating to post-employment and other long-term benefits according to the accounting policies and terms and conditions described in note 2.14 to the consolidated financial statements. The related obligations were assessed with the assistance of external actuaries. Our work consisted in examining the data used, assessing the chosen assumptions and verifying that the information disclosed in note 19 to the consolidated financial statements is appropriate;
- your company also makes estimates in respect of the measurement of financial instruments (notes 2.10.4 and 21), share-based payments (notes 2.15 and 16), provisions and contingent liabilities (notes 2.16, 18 and 25) and deferred taxes (notes 2.20 and 9). Our work consisted in examining the data and assumptions used as well as the procedure implemented by management to approve these estimates. We have also reviewed, using sampling techniques, the calculations made by the group and verified that the information disclosed in the notes to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2014

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu

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Company financial statements

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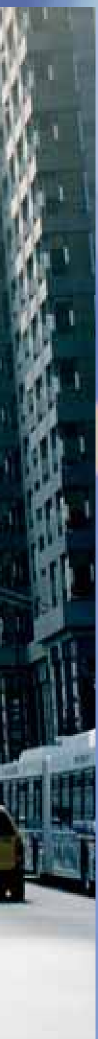

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this *Document de Référence*:

– the company financial statements and the relevant audit report for the year ended December 31, 2012 which is included in pages 163 to 184 of the *Document de Référence* for the financial year ended on December 31, 2012 registered by the *Autorité des marchés financiers* on March 13, 2013, under number D.13-0130; and

– the company financial statements and the relevant audit report for the year ended December 31, 2011 which is included in pages 156 to 174 of the *Document de Référence* for the financial year ended on December 31, 2011 registered by the *Autorité des marchés financiers* on March 15, 2012, under number D.12-0164.

6.1 Company financial statements for the financial year ended December 31, 2013

Income Statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2013	2012
Operating revenues		**1.8**	**3.0**
Other purchases and outside services		(45.2)	(15.3)
Taxes other than income taxes		(0.6)	(0.7)
Other expenses		(7.0)	(7.6)
Depreciation, amortization and increases in provisions		(18.8)	(2.6)
Loss from operations	(3.1)	**(69.8)**	**(23.2)**
Dividend income		299.9	–
Other financial revenues (from short-term investments, loans and exchange gains)		144.7	98.9
Decrease in financial provisions, transfer of expenses		–	–
Total financial revenues		**444.6**	**98.9**
Interest and related expenses and exchange losses		(188.8)	(139.9)
Increase in financial provisions		–	–
Total financial expenses		**(188.8)**	**(139.9)**
Net financial income	(3.2)	**255.8**	**(41.0)**
Income from ordinary activities		**186.0**	**(64.2)**
Non-recurring income (expense), net	(3.3)	**0.0**	**(6.0)**
Profit before tax		**186.0**	**(70.2)**
Income taxes	(3.5)	**81.7**	**70.8**
Net income		**267.7**	**0.6**

Balance sheet

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2013	2012
ASSETS			
Intangible fixed assets		**–**	**–**
Tangible fixed assets		**0.5**	**–**
Land		–	–
Buildings		0.5	–
Long-term financial assets		**4,942.8**	**4,891.2**
Investments in related companies		2,474.9	2,474.9
Other securities		–	–
Loans and other long-term financial assets		2,467.9	2,416.3
Fixed assets	(4.1)	**4,943.3**	**4,891.2**
Trade accounts receivable	(4.2)	2.2	3.7
Other accounts receivable	(4.2)	33.5	14.7
Short-term investments, cash and bank	(4.2)	805.9	153.7
Adjustment accounts			
Prepayments		0.1	0.3
Deferred charges	(4.2)	13.4	32.0
Unrealized exchange rate losses		–	–
Current assets		**855.1**	**204.4**
Total assets		**5,798.4**	**5,095.6**

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2013	2012
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,416.7	1,359.6
Share premiums		1,510.8	1,418.3
Legal reserve		32.0	32.0
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		47.7	43.9
Retained earnings		32.7	235.3
Net income for the period		267.7	0.6
Stockholders' equity	(4.3)	**3,307.6**	**3,089.7**
Provisions		**13.7**	**10.6**
Bonds	(4.4)	1,868.9	1,460.0
Borrowings from financial institutions	(4.4)	119.6	141.5
Other financial debt	(4.4)	470.3	384.9
Trade accounts payable		1.7	1.4
Other operating liabilities		16.6	7.5
Deferred income		–	–
Unrealized exchange rate gains		–	–
Liabilities	(4.4)	**2,477.1**	**1,995.3**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**5,798.4**	**5,095.6**

Company results over the last five years (as required by articles 133, 135 and 148 of the French commercial decree)

	FROM JANUARY 1 TO DECEMBER 31,				
(in euros)	**2009**	**2010**	**2011**	**2012**	**2013**
SHARE CAPITAL AT YEAR END					
Share capital	1,291,100,090	1,301,064,980	1,344,098,795	1,359,616,145	1,416,686,070
Number of issued shares	258,220,018	260,212,996	268,819,759	271,923,229	283,337,214
Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
Sales, excluding sales taxes	1,849,311	2,567,134	2,528,803	3,046,692	1,837,506
Net income before taxes, depreciation and provisions	33,837,296	3,270,940	(24,069,187)	(61,519,890)	208,065,057
Income taxes	(52,412,705)	(69,665,297)	(93,128,578)	(70,816,280)	(81,663,693)
Net income	88,487,825	59,954,913	50,512,277	633,586	267,679,378
Earnings distributed(1)	–	105,188,813	173,456,613	203,138,200	211,250,259
EARNINGS PER SHARE					
Earnings per share after taxes but before depreciation and provisions	0.33	0.28	0.26	0.03	1.02
Earnings per share after taxes, depreciation and provisions	0.34	0.23	0.19	0.00	0.94
Dividend paid per share	–	0.40	0.65	0.75	0.75
PERSONNEL					
Number of employees	–	–	–	–	–
Total remuneration	–	–	–	–	–
Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposed dividend, to be voted on at the annual general meeting May 22, 2014.

Principal subsidiaries and other investments

DECEMBER 31, 2013 *(in millions of euros)*												
					CARRYING OF VALUE SHAREHOLDING							
CORPORATE NAME	REGISTERED OFFICE	CAPITAL	RESERVES AND RETAINED EARNINGS (EXCLUDING CURRENT YEAR RESULTS)	PERCENTAGE SHARE CAPITAL HELD	COST	NBV	OUTSTANDING LOANS	GUARANTEES GRANTED BY REXEL S.A.	CURRENT YEAR RESULT	DIVIDENDS RECEIVED	SALES
A/ FRENCH SUBSIDIARIES											
Rexel Développement SAS	Paris	1,537.7	725.2	100.00%	2,474.9	2,474.9	1,363.3	–	217.5	299.9[1]	72.3
		1,537.7	725.2		2,474.9	2,474.9	1,363.3	–	217.5	299.9	72.3
TOTAL		**1,537.7**	**725.2**		**2,474.9**	**2,474.9**	**1,363.3**	**-**	**217.5**	**299.9**	**72.3**

(1) Interim dividends received from Rexel Developpement on November 25,2013.

Notes to the Company's financial statements

1. Description of business

Rexel SA incorporated in December 2004 is the holding company of Rexel Group. As such Rexel SA owns Rexel Développement SAS shares and provides the financing of its direct and indirect subsidiaries.

2. Accounting principles

The financial statements for the year ended December 31, 2013 are presented with comparative amounts for the year ended December 31, 2012 and have been prepared in accordance with French law and with accounting principles generally accepted in France.

The accounting principles set out below have been applied in a prudent manner, and in conformity with the following concepts:

– going concern,

– consistency,

– cut-off.

Main accounting principles used are described hereafter.

2.1 Long-term financial assets

Long-term investments are initially measured at acquisition cost. A valuation allowance is recorded when carrying value exceeds value in use. Rexel determines the value in use of long-term investments in subsidiaries on the basis of forecast future cash flows less net debt. When the carrying amount exceeds value in use, an impairment write-down is made in an amount equal to the difference.

2.2 Loans and other long-term financial assets

Loans and other long-term financial assets are initially measured at nominal amount. When considered necessary, a valuation allowance is recorded to cover the risk of non-recovery.

2.3 Receivables and payables

Receivables and payables are recorded at historical cost. When considered necessary, receivables are subject to an allowance to cover the risk of non-recovery.

Assets and liabilities denominated in foreign currencies are converted at the year-end exchange rate. Exchange rate differences arising from this adjustment are recorded on the balance sheet as "unrealized exchange rate gains or losses".

For assets and liabilities denominated in foreign currencies and subject to foreign exchange hedge (hedge fixing the foreign currency at the maturity date):

– Perfect hedge (the nominal amount of the hedging instrument is equal to the nominal amount of the underlying at the closing date): no unrealized exchange differences should be recognized since the unrealized exchange gains and losses on the underlying asset and liability is offset by the unrealized gains and losses linked to the hedging instrument.

– When the nominal amount of the hedging instrument is lower than the nominal amount of the underlying at the closing date: only the unrealized exchange loss linked to non hedged part is provided for through the income statement.

– When the nominal amount of the hedging instrument is higher than the nominal amount of the underlying at the closing date: the accounting treatment of the non allocated part of the hedging instrument depends on whether the instrument is traded on an organized market and equivalent or over the counter market. When the hedging instrument is traded on an organized market and equivalent, unrealized exchange gains and losses are recognized through the income statement. When the hedging instrument is traded over the counter market, only the unrealized exchange losses linked to the non allocated part of the instrument is provided for through the income statement.

2.4 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses.

2.5 Borrowings and related issuing cost

Borrowings are recognized at nominal value. Bonds issue costs related to bonds issued prior to 2013 are amortized over the life of bonds. Bonds issue costs related to bonds issued starting in 2013 are recognized through the income statement as a consequence of the use of tax option. Bonds premiums are amortized, either over the life of bonds, or in proportion to accrued interests. Bonds in foreign currency are converted to the year-end exchange rate.

2.6 Financial instruments covering currency and interest rate risks

In order to optimize the management of its financial borrowings, Rexel uses derivatives instruments as hedges against foreign exchange and interest rate risks, in particular foreign exchange and interest rate swaps, forward exchange contracts, and interest rate and foreign exchange options. Premiums or discounts arising from the operation of interest rate swaps and of options are recorded in income over the life of the contracts, as an adjustment to interest expense.

2.7 Key events of the period

1. On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the "Senior Facility Agreement") with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate and Investment Banking as Mandated Lead Arrangers and Bookrunners. The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million.
2. Concurrently with the refinancing of the Senior Facility Agreement on March 15, 2013, Rexel issued €650 million and $500 million of senior unsecured notes due in 2020 that bear interest annually at 5.125% and 5.250% respectively. The net proceeds of these notes were used on April 17, 2013 to redeem the 8.25% senior notes due 2016.
3. On November 25,2013, Rexel received €299.9 million interim dividends from its subsidiary Rexel Développement.

3. Notes to the income statement

3.1 Operating revenues and expenses

Operating income amounts to €1.8 million (€3.0 million in 2012) and relates principally to services provided to subsidiaries.

Operating expenses amount to €71.6 million (€26.2 million in 2012) and mainly comprise fees and other expenses for €11.6 million (€7.1 million in 2012), personnel costs for €6.7 million (€7.5 million in 2012), bank charges for €9.2 million related in part to the non-use of the facilities under Senior Credit (€9.0 million in 2012), for €25.3 million (€0 in 2012) related to Bonds issue costs and Credit Senior Agreement issue costs, depreciation of loans issue costs for €18.8 million (€11.4 million in 2012) and no impact of contingency and loss provision allocations in 2013 (net reversal of depreciation for €8,8 million in 2012).

3.2 Net financial income

Net financial income amounts to €255.8 million (€41.0 million net expenses in 2012), comprising:

1. €444.6 million of financial income (€98.9 million in 2012) relating principally to interim dividends received for €299.9 million, to interests on loans to its subsidiaries for an amount of €71.2 million, to Rexel Développement for an amount of €30.1 million, the result of sales of Rexel's shares for €1.2 million, these shares being held in accordance with the share repurchase programme (see section § 4.2), other financial incomes for €39.5 million, and foreign exchange income for €2.7 million.
2. €188.8 million of financial expenses (€139.9 million in 2012) relating principally to the interests of the senior unsecured notes for €110.1 million, the "make-whole" redemption premium of €54.0 million related to the redeemed 8.25% senior notes due 2016, the commercial paper for €1.0 million, the cost of guarantees granted by subsidiaries for €2.3 million, and other financial expenses for €21.4 million.

3.3 Non-recurring income and expenses

No non-recurring income and expenses in 2013 (€6.0 million in 2012).

3.4 Compensation of company officers

Board attendance fees paid to company officers during 2013 amount to €0.3 million (€0.2 million in 2012).

Compensation paid to company officers in 2013, amounts to €2.7 million (€3.5 million in 2012).

3.5 Income taxes

Under the group tax consolidation agreement, Rexel is liable for the payment of all tax due by the tax group. Each subsidiary records its individual tax charge calculated on its own taxable income, and any tax benefits arising are recognised by Rexel as the head of the tax group. Rexel has recognized an income of €83.8 million for 2013 (€70.8 million in 2012). The tax losses carried forward of the tax consolidation group amount to €367.5 million as of December 31, 2013 (€386.8 million in 2012) and the related estimated future tax relief amount to €81.5 million.

4. Notes to the balance sheet

4.1 Changes in fixed assets

(in millions of euros)	COST OR VALUATION, JANUARY 1, 2013	INCREASE	DECREASE	COST OR VALUATION, DECEMBER 31, 2013
Intangible fixed assets	–	–	–	–
Tangible fixed assets	–	0.5	–	0.5
Long-term financial assets:				
– Investments in related companies	2,474.9	–	–	2,474.9
– Loans and other long-term financial assets	2,416.3	1,044.9	993.3	2,467.9
Sub-total	**4,891.2**	**1,044.9**	**993.3**	**4,942.8**
TOTAL	**4,891.2**	**1,045.4**	**993.3**	**4,943.3**

Long-term financial assets

Investments in related companies

These investments in related companies refer only to Rexel Développement.

Loans and other long-term financial assets

This item is composed by:

1. The liquidity contract assets. In the frame of share repurchase programme, in October 5, 2011, Rexel entered into a contract with the Natixis Bank (after termination of the previous contract with Crédit Agricole Cheuvreux Bank) to promote the liquidity of Rexel shares for an initial amount of €12,8 million.

   As of December 31, 2013, 155,621 shares held and allocated to price stabilization of stock exchange value, amount to a gross value of €2.8 million. The balance of this contract consists of €14.5 million of cash.

2. Loans granted on March 1, 2010 by Rexel to some subsidiaries.

   In 2012, Rexel granted an additional loan for $500 million to Rexel Holding USA Corp. The loan bears interests of 6.70 %.

In 2013, the following loans to:

- Rexel Sverige SEK for 1,600 million,
- Elektro Material AG CHF for 155 million,
- Elektroskandia Norway NOK for 1,543 million,
- Rexel Holdings USA Corp. USD for 500 million and USD for 710 million.

Were renegotiated to show the same terms and conditions as those of the refinancing agreements.

Furthermore, in order to rationalize the long-term financing flows of its subsidiaries:

- Rexel sold its loans granted to Rexel Holdings USA Corp. (nominal amount of USD 1,210 million) to Hagemeyer NV at market value USD 1,223.9 million. The result of this sale is a gain of €10.3 million.
- Rexel purchased from Hagemeyer NV the loan granted to Rexel Développement (nominal amount of €980 million) at market value for an amount of €1,027.6 million.

At the end of December 2013, the loans were the following:

	BALANCE AS OF DECEMBER 31,2013 *(in million of currency)*	CURRENCY	BALANCE AS OF DECEMBER 31,2013 *(in millions of euros)*	INTEREST AND MARGIN	DUE DATE
Rexel Sverige AB	1,600.0	SEK	180.6	6.20%	06/30/2020
Rexel Holding New Zealand	10.0	NZD	6.0	(1)	12/17/2014
Elektro Material AG	155.0	CHF	126.3	4.80%	06/30/2020
Elektroskandia Norway	1,323.0	NOK	158.2	6.90%	06/30/2020
HGM Finland	145.9	EUR	145.9	(1)	12/17/2014
Rexel Développement SAS	806.0	EUR	806.0	(1)	12/17/2014
Rexel Développement SAS	1,027.6	EUR	1,027.6	5.30%	06/30/2020
TOTAL			**2,450.6**		

(1) Amounts drawn bear interest at a rate determined in reference to the LIBOR rate when funds are made available in currencies other than the Norwegian Krone or Euro, or the EURIBOR rate when funds are made available in Euro.

The margin applicable will vary in accordance with the ranges of the Pro Forma Leverage Ratio as defined in the different loans (adjusted consolidated net debt relative to adjusted consolidated EBITDA), as set out below:

LEVERAGE RATIO	MARGIN
Greater than or equal to 5.00:1	5.40%
Less than 5.00:1 but greater than or equal to 4.50:1	4.65%
Less than 4.50:1 but greater than or equal to 4.00:1	4.15%
Less than 4.00:1 but greater than or equal to 3.50:1	3.65%
Less than 3.50:1 but greater than or equal to 3.00:1	3.15%
Less than 3.00:1 but greater than or equal to 2.50:1	2.90%
Less than 2.50:1	2.65%

The applicable margin amounts to 2.90% in 2013, the same as in 2012.

4.2 Other information relating to assets

Currents assets

(in millions of euros)	TOTAL DECEMBER 31, 2013	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Trade accounts receivable	2.2	2.2	–	–
Currents accounts receivable	6.5	6.5	–	–
Other receivable	27.0	27.0	–	–
TOTAL	**35.7**	**35.7**	**–**	**–**

Short-term investments, cash and bank

This item is mainly composed by:

1. Own shares acquisition costs held and already attributed to free shares plans, as of December 31, 2013 are 1,283,547 shares for an amount of €16.1 million.
2. Own shares acquisition costs held to be attributed to free shares plans, as of December 31, 2013 are 231,034 shares for an amount of €3.1 million.
3. Other short-term investments, cash and bank for an amount of €786.7 million.

Deferred charges

Deferred charges mainly relate to the bonds issuing costs. These costs initially amounted to €17.2 million and related to issuing costs of the notes issued in May 2011 (€7.1 million), and of the notes issued in March and April 2012 (€10.1 million).These costs are depreciated over the life of financing. As of December 31, 2013 the net book value amounts to €13.2 million.

The remaining issue costs related to 2009 Credit Senior refinanced in March 2013, and the remaining bonds issue costs related to 2009 and 2010 Senior unsecured notes, redeemed in whole in April 2013, are recognized through the income statement in 2013 for an amount of €14.9 million.

Besides, issue costs related to bonds and Senior facility Agreement, issued starting in 2013, are recognized through the income statement (€30.3 million in 2013), as a consequence of the use of a tax option.

4.3 Stockholders' equity

(in millions of euros)	JANUARY 1, 2013	RESERVES	APPROPRIATION OF THE 2012 NET INCOME	INCREASE IN SHARE CAPITAL	2013 NET INCOME	DECEMBER 31, 2013
Share capital	1,359.6	3.9	51.5	1.7	–	1,416.7
Share premiums	1,418.3	(7.7)	98.2	2.0	–	1,510.8
Legal reserve	32.0	–	–	–	–	32.0
Others reserves	43.9	3.8	–	–	–	47.7
Retained earnings	235.3	–	(202.6)	–	–	32.7
Net income for the year	0.6	–	(0.6)	–	267.7	267.7
TOTAL	**3,089.7**	**0**	**(53.5)**	**3.7**	**267.7**	**3,307.6**

Changes in equity during 2013:

1. On March 14, 2013, the company's Management Board recorded capital increase resulting from the employees of Rexel in the United Kingdom offering for €0.2 million with an issuance of 45,953 shares with a par value of €5 each and the share premium of €0.5 million.
2. On April 30, 2013, the company's Management Board decided to allocate an amount of €12.9 million to the other reserves by offsetting the share premium for 2,574,729 free shares granted at a par value of €5 each.
3. On May 13, 2013, the capital was increased by €3.8 million with an issuance of 766,228 shares with a par value of €5 each. This increase results of the acquisition of 766,228 shares through the May 2009 free shares plan, and has been recorded by offsetting the other reserves.
4. On May 13, 2013, the capital was increased by €0.1 million with an issuance of 22,414 shares with a par value of €5 each. This increase results of the acquisition of 22,414 shares through the May 2011 free shares plan, and has been recorded by offsetting the other reserves.
5. The Annual General meeting held on May 22, 2013 approved a resolution appropriating the 2012 result as follows: €0.03 million to the Legal reserve and distribution of €203.1 million paid on July 2, 2013, in cash for an amount of €53.0 million and by issuance of new shares for an amount of €150.1 million. The capital was increased to €51.4 million with an issuance of 10,287,149 shares with a share premium of €98,7 million. The fees stemming from this capital increase amounting to €0.4 million are deducted from share premium.
6. On July 25, 2013, the company's Management Board decided to allocate an amount of €0.4 million to the other reserves by offsetting the share premium for 78,410 free shares granted at a par value of €5 each.
7. On August 19, 2013, the capital was increased by €0.001 million with an issuance of 166 shares with a par value of €5 each. This increase results of the acquisition of 86 shares through the May 2010 free shares plan (Opportunity 10), and the acquisition of 80 shares through the November 2012 free shares plan (Opportunity 12), and has been recorded by offsetting the other reserves.
8. On October 14, 2013, the capital was increased by €0.005 million with an issuance of 1,048 shares with a par value of €5 each. This increase results of the acquisition of 1,048 shares through the October 2011 free shares plan, and has been recorded by offsetting the other reserves.
9. On November 26, 2013 and December 27,2013, the company's Management Board recorded capital increase resulting from the employees offering for €1.3 million with an issuance of 256,751 shares with

a par value of €5 each and the share premium of €2.4 million. The fees stemming from this capital increase are deducted from the share premium to the amount of €0.9 million.

10. On November 26, 2013 and December 27,2013, the company's Management Board decided to allocate an amount of €0.5 million to the other reserves by offsetting the share premium for 104,669 free shares granted at a par value of €5 each, regarding the capital increase resulting from the employees offering in 2013.
11. During the year 2013, 28,476 options regarding the 2005 stock option plan were exercised with issuance of 28,476 shares. During the year 2013, 5,800 options regarding the 2006 stock option plan were exercised with issuance of 5,800 shares. It resulted an increase of capital of €0.2 million, along with a share premium of €0.01 million.
12. The amounts initially allocated to the other reserves and related to cancelled granted free shares were transferred to the share premium for an amount of €6.1 million.
13. The net profit for the year 2013 amounts to €267.7 million.

At the end of December 2013, the company's share capital amounts to €1,416,686,070 represented by 283,337,214 shares each with a par value of €5.

4.4 Other information related to liabilities

(in millions of euros)	TOTAL DECEMBER 31, 2013	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Bonds	1,868.9	4.6	488.8	1,375.5
Borrowings from financial institutions	119.6	119.6	–	–
Other financial debt	470.3	470.3	–	–
Trade accounts payable	1.7	1.7	–	–
Other operating liabilities	16.6	16.6	–	–
Unrealized exchange rate gains	–	–	–	–
TOTAL	**2,477.1**	**612.8**	**488.8**	**1,375.5**

Bonds

7% Senior Unsecured Notes due 2018

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the notes semi-annually in arrears on June 17 and December 17, with the first payment on December 17, 2011. The notes will mature on December 17, 2018.

The notes are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 17, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

6.125% Senior Unsecured Notes due 2019

On March 28, 2012, Rexel issued $400 million senior unsecured notes. The notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. They are listed on the Luxembourg Stock Exchange. On April 23, 2012, Rexel issued an additional $100 million principal amount of these notes at a price of 100.75% of their nominal amount. The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The Notes will mature on December 15, 2019.

The notes are redeemable in whole or in part at any time prior to December 15, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

In addition, at any time on or prior to June 15, 2015, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

5.125% and 5.250% Senior Unsecured Notes due 2020

Concurrently with the refinancing of the Senior Facility Agreement on March 15, 2013, Rexel issued €500 million and $500 million of senior unsecured notes with coupons of 5.125% and 5.250% respectively.

On March 26, 2013, Rexel issued an additional €150 million principal amount of these notes at a price of 101.00% of their nominal amount. The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2013. The Notes will mature on December 15, 2020 and are listed on the Luxembourg Stock Exchange.

The notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)	
	€ NOTES	$ NOTES
June 15, 2016	103.844%	103.938%
June 15, 2017	102.563%	102.625%
June 15, 2018	101.281%	101.313%
June15, 2019 and after	100.000%	100.000%

The net proceeds of these notes were used on April 17, 2013 to redeem the 8.25% senior notes due 2016.

These notes were redeemed at their principal amount of €586.3 million plus accrued and unpaid interest of €16.0 million and an applicable "make-whole" premium of €54 million.

Senior Credit Agreement

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the "Senior Facility Agreement") with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate and Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million.

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the Libor rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 2.00% *per annum* and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 1.45% to 3%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement , Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted consolidated EBITDA, as such terms are defined below:

– Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's consolidated financial statements and:

  • includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, prorata to the Group's participation;

  • includes proceeds relating to commodity price derivatives to hedge exposure to price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;

  • excludes expenses relating to employee profit sharing and any share based payments or the granting of share subscription options;

  • excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions,

  • after adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the Measurement Period;

  • adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

– Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

  • less intra-Group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;

  • plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;

  • plus accrued interest (including capitalized interest), excluding interest accrued on intra-Group loans;

  • minus cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

In September 2013, the maximum commitment under the 2013 Senior Facility Agreement was reduced by €45.0 million following the execution of a bilateral €45 million Term Loan Agreement. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2013 Senior Credit Agreement.

As of December 31, 2013, this credit facility was not drawn down.

Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued, to diversify the investor base and minimize the cost of financing. As of December 31, 2013, under this program, €119.2 million were outstanding.

Other financial debts

Other financial debts relate mainly to the current account with the company Rexel Développement.

4.5 Financial instruments covering currency and interest rate risks

Financial instruments covering currency and interest rate risks

In the course of its business, Rexel SA is exposed to market risks relating to borrowing cost management. Rexel SA uses various financial instruments to optimize its financial expense including interest rate swaps to modify its debt structure and to cover the risk of interest rate increases in the currencies in which its debt is denominated. Derivative foreign currency instruments include forward currency purchases and sales, and have the sole objective of hedging transactions denominated in a foreign currency.

As of December 31, 2013, the outstanding hedge contracts were as follows:

Interest rate swaps

TYPE OF CONTRACT	MATURITY	NOTIONAL AMOUNTS (IN MILLIONS OF FOREIGN CURRENCY)	FAIR VALUE OF HEDGES (IN MILLIONS OF EUROS)
Interest rate swap paying EURIBOR 3 months	2018	300.0 EUR	(0.2)
Interest rate swap paying EURIBOR 3 months	2020	500.0 EUR	(7.5)
Interest rate swap paying LIBOR 3 months	2019	500.0 USD	(11.7)
Interest rate swap paying LIBOR 3 months	2020	500.0 USD	(8.6)

Forward contracts

TYPE OF CONTRACT	NOTIONAL AMOUNTS (IN MILLIONS OF FOREIGN CURRENCY)	NOTIONAL AMOUNTS (IN MILLIONS OF EUROS)	FAIR VALUE (IN MILLIONS OF EUROS)
Forward sales of Canadian dollars for euros	1.7	1.2	0.0
Forward sales of Swiss francs for euros	234.2	191.1	(0.2)
Forward sales of Norwegian crowns for euros	1,372.7	163.1	1.1
Forward sales of New Zealand dollars for euros	9.5	5.6	0.1
Forward sales of Swedish crowns for euros	1,515.3	169.3	(0.4)
Forward purchase of U.S. dollars for euros	980.0	720.1	(10.1)

4.6 Amounts due to and from related companies

Related companies are direct and indirect Rexel subsidiaries. There are no significant transactions with these companies that are not concluded at normal conditions of market. As of December 31, 2013, balances with related companies were as follows:

(in millions of euros)

ASSETS		LIABILITIES	
Investments in related companies	2,474.9	Other financial debt	470.3
Loans and other long-term financial assets	2,450.5	Trade accounts payable	0.2
Trade accounts receivable	2.2	Other liabilities	100.7
Other accounts receivable	10.1		
EXPENSES		**INCOME**	
Financial expenses	10.5	Financial income	405.4
		Income tax	83.8

5. Additional information

5.1 Commitments

The Senior Credit Agreement 2013 contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to that Agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests; (iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of payment of Rexel.

The notes rank *pari passu* with Rexel's new senior credit facility. Neither bonds nor Senior Credit Agreement are not guaranteed by any Rexel's subsidiaries.

A Trust Deed contract entered into on May 27, 2011, between Rexel, certain of Rexel's subsidiaries and BNP Paribas Trust Corporation UK Limited. This agreement was entered into in the context of a notes issuance by Rexel in an amount of €500 million.

An Indenture contract entered into on March 28, 2012 between Rexel, certain of Rexel's subsidiaries and the Bank of New York Mellon. This agreement was entered into in the context of a notes issuance by Rexel in an amount of $500 million.

An Indenture contract entered into on April 3, 2013 between Rexel and the Bank of New York Mellon. This agreement was entered into in the context of a notes issuance by Rexel in an amount of $500 million and €650 million.

These contracts provide for the terms under which BNP Paribas Trust Corporation UK Limited and the Bank of New York Mellon undertook to act in the capacity of Trustee in the scope of the issuance of such notes. These agreements were authorized by the Supervisory Board upon its meetings of May 11, 2011, March 14, 2012, April 12, 2012, and February 11, 2013.

5.2 Employees

The staff of the company is composed by three corporate officers on December 31, 2013.

5.3 Information on stock options and free share plans

The general meeting held on October 28, 2005 approved the implementation of a stock option plan, by authorizing the president to grant options to certain company officers and employees of Rexel Group companies in France or abroad, to a maximum of 2,882,000 "Cercle 2" options and 289,300 "Cercle 3" options, exercise terms of the options are governed by the provisions of articles L.225-177 and following of the French Commercial Code.

Plan No 1 – cercle 2:

Date of shareholders decision:	October 28, 2005		
Maximum number of options granted from the start:	2,882,000		
	1st attribution	**2nd attribution**	**3rd attribution**
Date of granting:	October 28, 2005	May 31, 2006	October 4, 2006
Number of options granted:	2,775,120	169,236	164,460
Number of beneficiaries from the start:	47	5	7
Type of plan:	Subscription	Subscription	Subscription
Exercise price:	€5 / option	€6.5 / option	€9.5 / option
Unavailability period:	From Oct. 28, 2005 to Oct. 28, 2009 included	From May 31, 2006 to May 31, 2010 included	From Oct. 04, 2006 to Oct. 4, 2010 included
Expiration date:	October 28, 2016	October 28, 2016	October 28, 2016
Follow up of the plan:			
Number of options to be exercised as of December 31, 2005:	2,711,000		
Options cancelled or reallocated:	162,696		
Number of options to be exercised as of December 31, 2006:	2,548,304	169,236	164,460
Number of beneficiaries as of December 31, 2006:	44	5	7
Number of options to be exercised as of December 31, 2007 (after dividing the nominal amount by 2 and multiplying the number of options by 2):	1,231,002	140,944	267,452
Number of options to be exercised as of December 31, 2009:	1,231,002	140,944	267,452
Options exercised in 2010:	1,198,182	140, 944	0
Number of options to be exercised as of December 31, 2010:	32,820	0	267,452
Options exercised in 2011:	0	0	267,452
Number of options to be exercised as of December 31, 2011:	32,820	0	0
Options exercised in 2012:	0	0	0
Number of options to be exercised as of December 31, 2012:	32,820	0	0
Options exercised in 2013:	0	0	0
Number of options to be exercised as of December 31, 2013:	32,820	0	0

Plan No 2 – cercle 3:

Date of shareholders decision:	October 28, 2005	
Maximum number of options to be granted:	289,300	
	1st attribution	**2nd attribution**
Date of granting:	November 30, 2005	May 31, 2006
Number of options granted:	265,700	35,550
Number of beneficiaries from the start:	205	35
Type of plan:	Subscription	Subscription
Exercise price:	€5 / option	€6.5 / option
Unavailability period:	From Nov. 30, 2005 to Nov. 30, 2009 included	From May 31, 2006 to May 31, 2010 included
Expiration date of options:	November 30, 2016	November 30, 2016
Follow up of the plan:		
Number of options to be exercised as of December 31, 2005:	259,050	
Options cancelled or reallocated:	17,111	
Number of options to be exercised as of December 31, 2006:	241,939	34,550
Number of beneficiaries as at December 31, 2006:	197	34
Number of options cancelled as from January 1, 2007:	4,711	562
Number of options to be exercised as of December 31, 2007 (after dividing the nominal amount by 2 and multiplying the number of options by 2):	474,456	67,976
Number of options cancelled as from January 1, 2008:	1,500	2,000
Number of options to be exercised as of December 31, 2008:	472,956	65,976
Number of options exercised in 2009:	66,900	–
Number of options to be exercised as of December 31, 2009:	406,056	65,976
Number of options exercised in 2010:	119,866	30,100
Number of options to be exercised as of December 31, 2010:	286,190	35,876
Number of options exercised in 2011:	70,200	9,500
Number of options to be exercised as of December 31, 2011:	215,990	26,376
Number of options exercised in 2012:	50,836	15,100
Number of options to be exercised as of December 31, 2012:	165,154	11,276
Number of options exercised in 2013:	28,476	5,800
Number of options to be exercised as of December 31, 2013:	136,678	5,476

On May 11, 2009, Rexel entered into several free share plans for its top executives and key managers amounting to a maximum of 1,372,166 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2011), these being restricted during an additional two year period (May 12, 2013), or four years after the granting date (May 12, 2013), with no restrictions subsequently.

The actual transfer of these free shares is subject to the service and performance conditions of the schemes. Vesting conditions are presented in the following table:

	PLAN GRANTED IN 2009
Maximum number of shares granted initially	1,372,166
Cancelled in 2009 due to presence not satisfied	(27,517)
Cancelled in 2009 due to performance not satisfied	(195,676)
Delivery in 2009	–
Maximum number of shares alived on December 31, 2009 and not yet delivered	**1,148,973**
Cancelled in 2010 due to presence not satisfied	(96,140)
Delivery in 2010	–
Maximum number of shares alived on December 31, 2010 and not yet delivered	**1,052,833**
Cancelled in 2011 due to presence not satisfied	(16,002)
Delivery in 2011	(268,416)
Maximum number of shares alived on December 31, 2011 and not yet delivered	**768,415**
Cancelled in 2012 due to presence not satisfied	(2,187)
Delivery in 2012	–
Maximum number of shares alived on December 31, 2012 and not yet delivered	**766,228**
Cancelled in 2013 due to presence not satisfied	–
Delivery in 2013	(766,228)
Maximum number of shares alived on December 31, 2013 and not yet delivered	**0**

On May 11, 2010, Rexel entered into several free share plans for its top executives and key managers amounting a maximum of 1,519,862 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2012), these being restricted during an additional two-year period (May 12, 2014), or four years after the granting date (May 12, 2014), with no restrictions subsequently.

The issuance of these free shares is subject to the service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
Top executives and managers	Two-year service condition from the implementation and performance conditions based on: 1/ the 2010 EBITDA level adjusted, 2/ the increase from 2009 to 2011 EBITDA margin adjusted, 3/ the 2010 Ratio Net Debt / EBITDA adjusted.	488,318
Other key managers	Two-year service condition from the implementation for 20% of shares and performance conditions based on: 1/ the 2010 EBITDA level adjusted, 2/ the increase from 2009 to 2011 EBITDA margin adjusted, 3/ the 2010 ratio Net Debt/ EBITDA adjusted for 80% of shares.	349,136
As of December 31, 2013		**837,454**

On May 12, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,082,748 shares. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2013), these being restricted for an additional two-year period (until May 12, 2015), or four years after the granting date (May 12, 2015), with no subsequent restrictions.The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
Top executives and managers	Two-year service condition from the implementation and performance conditions based on: 1/ the 2011 EBITDA level adjusted, 2/ the increase from 2010 to 2012 EBITDA margin adjusted, 3/ the 2011 Ratio Net Debt / EBITDA adjusted.	188,415
Other key managers	Two-year service condition from the implementation for 80% of shares and performance conditions based on: 1/ the 2011 EBITDA level adjusted, 2/ the increase from 2010 to 2012 EBITDA margin adjusted, 3/ the 2011 ratio Net Debt/ EBITDA adjusted.	233,194
Operating managers	Two year service condition from the implementation.	341,875
As of December 31, 2013		**763,484**

The unit value used as the basis of social contribution of 14% amounts to €17.22.

On October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 340,719 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (October 11, 2013), these being restricted for an additional two-year period (until October 11, 2015), the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions (October 11, 2015), the so-called “4+0 Plan”. The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
Top executives and managers	Two-year service condition from the implementation and performance conditions based on: 1/ the 2011 EBITDA level adjusted, 2/ the increase from 2010 to 2012 EBITDA margin adjusted, 3/ the 2011 Ratio Net Debt / EBITDA adjusted.	3,779
Other key managers	Two-year service condition from the implementation for 80% of shares and performance conditions based on: 1/ the 2011 EBITDA level adjusted, 2/ the increase from 2010 to 2012 EBITDA margin adjusted, 3/ the 2011 ratio Net Debt/ EBITDA adjusted.	9,956
As of December 31, 2013		**13,735**

The unit value used as the basis of social contribution of 14% amounts to €11.39

On October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,343,310 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (October 11, 2014), these being restricted for an additional two-year period (until October 11, 2016), the so-called “3+2 Plan”, or five years after the granting date with no subsequent restrictions (October 11, 2016), the so-called “5+0 Plan”.

The delivery of these shares is subject to service and performance condition of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
Top executives and managers	Three-year service condition from the implementation and share performance on the stock market.	749,915
Other key managers	Three-year service condition from the implementation and share performance on the stock market.	446,589
As of December 31, 2013		**1,196,504**

The unit value used as the basis of social contribution of 14% amounts to €7.17.

On May 2, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,019,324 shares. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 3, 2014), these being restricted for an additional two-year period (until May 3, 2016), the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions (May 3, 2016), the so-called “4+0 Plan”. The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ the average cash-flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	190,832
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ the average cash-flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	346,735
As of December 31, 2013		**537,567**

The unit value used as the basis of social contribution of 14% amounts to €14.47.

On July 26, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 243,080 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (July 26, 2014), these being restricted for an additional two-year period (until July 26, 2016), the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions (July 26, 2016), the so-called “4+0 Plan”.

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ the average cash-flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	16,671
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2011 to 2013 for 50% of shares, 2/ 2012 EBITA for 15% of shares, 3/ the average cash-flow ratio of 2012 and 2013 for 25% of shares, 4/ 2012 cash level for 10% of shares.	51,959
As of December 31, 2013		**68,630**

The unit value used as the basis of social contribution of 30% amounts to €11.85.

On April 30, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,574,729 shares. According to local regulation , these employees and executives will either be eligible to receive Rexel shares two years after the grant date (April 30, 2015), these being restricted for an additional two-year period (April 30, 2017), the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions (April 30, 2017), the so-called “4+0 Plan” or three years after the granting date (April 30, 2016) these being restricted for an additional two-year period (April 30, 2018), the so-called “3+2 Plan” or five years after the granting date with no subsequent restrictions (April 30, 2018), the so-called “5+0 Plan”.

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ the average cash-flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares, 5/ Rexel’s share performance/panel’s shares performance for 20% of shares.	446,806
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ the average cash-flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares. 5/Rexel’s share performance/panel’s shares performance for 20% of shares.	708,484
3+2 Plan	Three-year service condition from the implementation.	88,000
5+0 Plan	Three-year service condition from the implementation.	404,300
As of December 31, 2013		**1,647,590**

The unit value used as the basis of social contribution of 30% amounts to €13.70.

On July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 78,410 shares. According to local regulation, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (July 25, 2015), these being restricted for an additional two-year period (until July 25, 2017), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions (July 25, 2017), the so-called "4+0 Plan".

The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2013 AND NOT DELIVERED
2+2 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ the average cash-flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares. 5/Rexel's share performance/panel's shares performance for 20% of shares.	29,050
4+0 Plan	Two-year service condition from the implementation and performance conditions based on: 1/ variance of EBITA margin from 2012 to 2014 for 15% of shares, 2/ 2013 EBITA for 45% of shares, 3/ the average cash-flow ratio of 2013 and 2014 divided by EBITDA for 5% of shares, 4/ 2013 cash level for 15% of shares. 5/Rexel's share performance/panel's shares performance for 20% of shares.	15,886
As of December 31, 2013		**44,936**

The unit value used as the basis of social contribution of 30% amounts to €15.73.

5.4 Tax litigations

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not give evidence that the borrowings from Ray Finance LP (subsidiary of Ray Investment Sàrl) amounting to €952 million were real transactions; they also allege that Ray Finance LP enjoyed a privileged tax regime and deny by those means the deduction of €91 million interests expense related to years 2005 to 2007. Rexel disputes the whole argumentation. The tax risk related to this tax reassessment amounts to €32 million, would result in a potential reduction of the consolidated tax losses carried forward.

5.5 Auditors' fees

The auditors' fees amount to €1.2 million for 2013 compared with €1.2 million in 2012.

5.6 Other information

Rexel is consolidated in the scope of Ray Investment Sàrl's financial statements. Ray Investment is a Luxembourg company.

5.7 Subsequent events

None.

6.2 Statutory Auditor's report on the company financial statements for the financial year ended December 31, 2013

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Year ended December 31, 2013

Statutory auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying financial statements of Rexel;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the management board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

As disclosed in note 2.1 to the financial statements, value-in-use of long-term investments in affiliates is based on forecasted future cash flows less net debt of the aforementioned affiliates. Within the framework of the justification of our assessments, we reviewed the assumptions of budgeted cash flows, on which these assumptions were based, and their computation.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the management board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French commercial code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit
Christian Perrier

ERNST & YOUNG Audit
Philippe Diu

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Corporate Governance

7

Rexel is a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board, thereby separating management and supervisory responsibilities.

Rexel wishes to change its governance mode and to become a *société anonyme* with a Board of Directors. The corresponding draft resolutions are submitted to the Shareholders' Meeting.

7.1 Management and Supervisory Bodies

7.1.1 Management Board

7.1.1.1 Members of the Management Board

In accordance with the provisions of the by-laws (article 14 of the by-laws), the Management Board is made up of a minimum of two members and a maximum of five members. Its members are appointed by the Supervisory Board for a term of office of four years. The age limit for serving as Management Board member is currently set at 65.

On the date of this *Document de Référence*, the Management Board comprises the following 3 members:

Rudy Provoost (54 years old)	PROFESSIONAL ADDRESS: 13, BOULEVARD DU FORT DE VAUX – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 165,640

EXPERIENCE AND EXPERTISE

Member and Chairman of the Management Board

Rudy Provoost has served on the Management Board of Rexel since October 1, 2011 and is Chairman of the Management Board since February 13, 2012.

Rudy Provoost is a Belgian citizen.

Rudy Provoost joined Philips in 2000, as Executive Vice-President of the Consumer Electronics branch in Europe. In 2004, he became CEO of the Consumer Electronics branch and was appointed as member of the Management Board of Philips in 2006. In 2008, he became CEO of its Lighting branch and Chairman of its Sustainable Development Board. Rudy Provoost previously held various management positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Born in Belgium in 1959, he holds a degree in psychology and an MBA from the University of Gand in Belgium. Rudy Provoost currently sits on the board of the Vlerick Leuven Gent Management School.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
October 1, 2011	From October 1, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member and Chairman of the Management Board of Rexel
– Director of Rexel France (France – unlisted company)

Abroad

– Chairman of Rexel North America, Inc. (Canada – unlisted company)
– Director and president of Rexel Holdings USA Corp. (United States – unlisted company)
– Director of Rexel UK Limited. (United Kingdom – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Director of Rexel Senate Limited (United Kingdom – unlisted company)

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Director of Vlerick Business School (Belgium – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Member of the Management Board of Royal Philips Electronics (The Netherlands – listed company)
– Director of TCL Corporation (China – unlisted company)
– Director of EFQM (Belgium – unlisted company)

Pascal Martin (57 years old)	PROFESSIONAL ADDRESS: 13, BOULEVARD DU FORT DE VAUX – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 341,902

EXPERIENCE AND EXPERTISE

Member of the Management Board

Pascal Martin has served on the Management Board of Rexel since February 13, 2007 and was renewed in his functions on May 19, 2011.

Pascal Martin is a French citizen.

He started his career in 1980 with Société Vosgienne de Coton Hydrophile. In 1981, he joined the Renault group in Orléans (France) as Head of the Methods Department. He was appointed Production Manager in 1983, Head of a production site expansion project in 1985 and Head of Technical Services in 1989. From 1992 to 2000, he served as Chief of International Operations (1992-2000), Group Human Resources Director (1993-1999) and Chief Executive Officer of Steelcase S.A. International. Pascal Martin also held positions as Chief Executive Officer of Airborne France (1994-2001) and CEO France of Steelcase Strafor France (1999-2000). He was appointed France CEO of Guilbert SA (PPR Group) in 2001 and Chairman of the Management Board of that company in 2002. He was named CEO of the Rexel Group Business Sector in 2003, and in February 2007 was appointed member of the Management Board and Group Senior Vice-President Business Development and Corporate Operations. At the beginning of 2011, he became head of operations in Latin America. In 2012, Pascal Martin became the Head of Group Strategy, Business Portfolio Management and New Businesses Development. Pascal Martin holds an engineering degree from ENSAM and is a graduate of I.C.G.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
February 13, 2007	From May 19, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Management Board of Rexel
– Chairman of Citadel (France – unlisted company)
– Chairman of BizLine (France – unlisted company)

Abroad

– Chairman of the Board of Directors of Nortel Suprimentos Industriais SA (Brazil – unlisted company)
– Supervisor of LinElec Business Consulting (Shanghai) Limited (China – unlisted company)

Over the last five financial years:

In France

– Chairman of Comrex Ouest (France – unlisted company)
– Chairman of Rexel Amérique latine (France – unlisted company)
– Director of Rexel Distribution (France – unlisted company)

Abroad

– Director of Rexel, Inc. (United States – unlisted company)
– Member of the Management Board of Hagemeyer N.V. (The Netherlands – unlisted company)
– Director of General Supply & Services, Inc. (United States – listed company)
– Director of Comrex International Trading (Shanghai) Co. Ltd. (China – unlisted company)
– Substitute Director of Rexel Electra S.A (Chile – unlisted company)
– Substitute Director of Rexel Chile S.A. (Chile – unlisted company)
– Substitute Director of Flores y Kersting (Chile – unlisted company)
– Director of Rexel International Projects Group, Inc. (IPG) (United States – unlisted company)

No title or duty exercised outside the Rexel Group

Catherine Guillouard (49 years old)	PROFESSIONAL ADDRESS: 13, BOULEVARD DU FORT DE VAUX – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Management Board

Catherine Guillouard has been a member of the Management Board of Rexel since April 30, 2013.

Catherine Guillouard is a French citizen.

Prior to joining Rexel, Catherine Guillouard had been Chief Financial Officer of Eutelsat and a member of the Executive Committee since 2007. Prior to joining Eutelsat, Catherine Guillouard held various positions within Air France. From 2005 to September 2007, she was Senior Vice-President of Finance. Prior to that, she was Senior Vice-President of Human Resources and Change Management, Senior Vice-President of Flight Operations, and Deputy Vice-President of Corporate Control. She began her career in 1993 at the Treasury of the French Ministry of Finance in the Africa – CFA zone department and then in the Banking Affairs department. Born in 1965, Catherine Guillouard graduated from the Institut d'Études Politiques of Paris and the École Nationale d'Administration. She also holds a post-graduate degree (DESS) in European Union Law.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
April 30, 2013	From April 30, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Management Board of Rexel
– Director of Rexel France (France – unlisted company)

Abroad

– Chair of the Board of Directors of Rexel Ré S.A. (Luxembourg – unlisted company)

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

– Director of ADP (France – listed company)
– Independent director of Technicolor (France – listed company)
– Member of the Supervisory Board of Atria Capital Partenaires (France – unlisted company)

Abroad

–

7.1.1.2 Operation of the Management Board

• Missions of the Management Board

The Management Board has broad powers to act in the name of Rexel in all circumstances within the scope of Rexel's corporate purpose and subject to those powers that have been expressly granted by law or the by-laws to the shareholders' meeting and the Supervisory Board or otherwise require prior authorization from the Supervisory Board. The Management Board is also vested with the following specific powers under applicable law and the by-laws:

– to convene shareholders' meetings;

– to carry out capital increases and/or to determine the terms and conditions of capital increases pursuant to a delegation of authority from the extraordinary shareholders' meeting;

– to carry out capital reductions pursuant to a delegation of authority from the extraordinary shareholders' meeting;

– to grant to employees of Rexel options to subscribe to or to purchase shares or to award free shares pursuant to the authorization of the extraordinary shareholders' meeting;

– to issue bonds with the option to delegate such power to the Chairman or to another member of the Management Board; and

– to modify the share capital of Rexel following the conversion of convertible bonds at any time, subscriptions to shares by tendering rights detached from compound securities giving the right to receive shares, the exercise of stock options or the payment of dividends in shares.

- Management Board Rules of Procedure

The Management Board of Rexel adopted its own Rules of Procedure of which the purpose is, in accordance with applicable law, regulations and by-laws, to assign certain Management Board responsibilities between the Management Board members, to determine the organization and operation of the Management Board and to set out the rights and responsibilities of its members. It is not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Management Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Management Board

The Management Board is made up of at least two members and no more than five members, who are appointed by the Supervisory Board. The term of their appointment is four years.

Duties and powers of the Management Board

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may also at any time request that the Management Board submits a report on Rexel's management and ongoing operations. This report may be supplemented by interim financial information on Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report to be submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews quarterly and half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, as the case may be, for violations of the provisions of the laws governing French *sociétés anonymes*, the by-laws or for negligence in their management, under the conditions and subject to the penalties provided by law.

The Management Board's Rules of Procedure sets forth those Management Board decisions that are subject to prior approval by the Supervisory Board under the terms of Rexel's by-laws. A list of such decisions is set out in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence*.

Division of responsibilities among Management Board members

Management Board members are responsible to Rexel or third parties, as the case may be, for any negligence in the performance of their duties. However, Management Board members may, with the Supervisory Board's authorization, divide management responsibilities amongst themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

Rudy Provoost is the Chairman of the Management Board. As such, he is responsible for the administration and management of the Rexel Group, as well as its strategy and orientation. His mission also includes: developing the Rexel Group's business internationally and exercising hierarchical control over the employees of Rexel.

As a member of the Management Board, Pascal Martin is in charge of the following duties and/or departments: strategy planning activities, Group portfolio businesses, particularly own brands including BizLine and the Datacom and Security business; mergers & acquisitions, development of new businesses, management of supplier relationships and marketing, development of international clients, South America, and initiatives on special markets and innovation.

As a member of the Management Board, Catherine Guillouard is in charge of the following duties and/or departments: treasury, financing and credit management, corporate control, financial communications, audit and internal control, consolidation and accounts, legal and political matters in the area of insurance, tax, transactions in relation to assets and/or real property assets.

Also, as it deems appropriate, the Management Board may assign to one or more of its members, or to any person who is not a member, special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers.

Meetings of the Management Board

Whenever required for the best interests of Rexel, the Management Board meets when convened by its Chairman within a reasonable delay, at Rexel's registered office or at any other place specified in the meeting notice. If specified in the meeting notice, Management Board meetings may be held by videoconference or other forms of telecommunication.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member of the Management Board who is selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of more than one half of Management Board members in attendance. Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

Information provided to the Management Board

The Chairman of the Management Board ascertains that a file containing all documents and information needed to review the items on the agenda of the Management Board meeting is sent to each member of the Management Board in a timely manner. In addition, members of the Management Board have the right to request any documents they deem necessary for a meeting, provided that they submit such requests within a reasonable time frame.

Furthermore, between meetings, members receive all appropriate information on events and transactions having a material impact on Rexel.

Charter for Management Board members

In the interest of good corporate governance, the Management Board's Rules of Procedure, to which each member of the Management Board is subject, contain a charter setting out the rights and responsibilities of the members of the Management Board.

Risk Committee

The Management Board has set up a Risk Committee in charge of managing the updating of the risk mapping and ensuring the monitoring of the risks.

7.1.1.3 Work performed by the Management Board during the financial year ended on December 31, 2013

In the course of 2013, the Management Board met 21 times. The average attendance rate was 100%.

During the financial year ended on December 31, 2013, the Management Board deliberated on, *inter alia*:

- the closing of the financial statements for the financial year ended on December 31, 2012;
- the review of the 2012 *Document de Référence*;
- the preparation of the Company's shareholders' meeting of May 22, 2013;
- the review and closing of the quarterly and half-year financial statements, the quarterly and half-year management reports drawn up by the Management Board and related financial communication;
- the issue of the 2013 Bonds;
- the free allotment of shares to certain corporate officers and Rexel Group employees;
- the Rexel Group's budget for the 2013 financial year;
- Rexel Group's development projects;
- the transactions related to the employee share-ownership plan proposed to Rexel Group employees in France and abroad;
- the 2014 audit plan; and
- the review of the work of the Risk Committee.

7.1.2 Supervisory Board

7.1.2.1 Composition of the Supervisory Board

In accordance with the provisions of Rexel's by-laws (article 19 of the by-laws), the Supervisory Board is made up of a minimum of five members and a maximum of 15 members. Its members are appointed by the Ordinary Shareholders' meeting for a term of office of four years. As an exception, the members of the Supervisory Board currently serving with a term of office of five years shall exercise their duties until the initial date of expiry of their term of office. No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

• Members of the Supervisory Board

As of the date of this *Document de Référence*, the Supervisory Board was comprised of the following 10 members:

Roberto Quarta (64 years old)	PROFESSIONAL ADDRESS: CLEVELAND HOUSE – 33, KING STREET – LONDON SWIY 6RJ – UNITED KINGDOM	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Chairman of the Supervisory Board, Chairman of the Appointment Committee and member of the Compensation Committee

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007.

Roberto Quarta is a U.S. citizen.

Roberto Quarta joined Clayton Dubilier & Rice in 2001. He is a Partner of CD&R LLP. Roberto Quarta is the Chairman of the Board of Directors of IMI plc, a Non-Executive Director and Chairman Elect of Smith & Nephew Plc. and a Non-Executive Director of Spie SA. Roberto Quarta served as Chairman of Italtel S.p.A. and as Non-Executive Director of BAE Systems Plc and Azure Dynamic Corp. He has also held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the College of the Holy Cross.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
February 13, 2007	From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Chairman of the Supervisory Board of Rexel
– Chairman of the Appointment Committee of Rexel
– Member of the Compensation Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Chairman and member of the Board of Directors of Ray Holding S.A.S. (now Rexel)
– Member of the Board of Directors of Ray Acquisition S.A.S. (France – unlisted company)
– Director of Rexel Distribution (France – unlisted company)
– Chairman of Ray Acquisition S.C.A. (now Rexel Développement) (France – unlisted company)

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Non-executive director of Spie SA (France – unlisted company)

Abroad

– Partner of CD&R LLP (United Kingdom – unlisted company)
– Chairman of the board of IMI plc (United Kingdom – unlisted company)
– Non-executive director and Chairman Elect of Smith & Nephew Plc (United Kingdom – listed company)

Over the last five financial years:

In France

–

Abroad

– Chief Executive Officer of Clayton, Dubilier & Rice Limited (United Kingdom – unlisted company)
– Non-executive director of BAE Systems Plc (United Kingdom – listed company)
– Chairman of Italtel S.p.A. (Italy – listed company)
– Chairman of BBA Group Plc (United Kingdom – listed company)
– Non-executive director of Azure Dynamic Corp (Canada – listed company)
– Non-executive director of IMI plc (United Kingdom – listed company)
– Non-executive director of Fost Wheeler AG (Switzerland – listed company)

Patrick Sayer (56 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Deputy Chairman of the Supervisory Board, member of the Strategic Committee, Chairman of the Compensation Committee and member of the Appointment Committee

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007.

Patrick Sayer is a French citizen.

Patrick Sayer has served as Chairman of the Management Board of Eurazeo since May 2002. He was previously Managing Partner of Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co. in New York. Patrick Sayer is Vice-President of the Supervisory Board of ANF Immobilier, Director of Accor, Europcar, Gruppo Banca Leonardo (Italy), Tech Data (USA) and Kitara Capital (Dubai), former Chairman of *Association Française des Investisseurs pour la Croissance* (AFIC), and is also Director of the Musée des Arts Décoratifs de Paris, and teaches finance at the University of Paris Dauphine. Patrick Sayer is a member of the *Club des Juristes* and a judge at the Commercial Court of Paris. Patrick Sayer is a graduate of *École Polytechnique* and *École des Mines de Paris*.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
February 13, 2007	From May 20, 2010 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Deputy Chairman of the Supervisory Board of Rexel
– Chairman of the Compensation Committee of Rexel
– Member of the Appointment Committee of Rexel
– Member of the Strategic Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Chairman of the Appointment Committee of Rexel

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Chairman of the Management Board of Eurazeo (France – listed company)
– Vice-Chairman of the Supervisory Board of ANF Immobilier (France – listed company)
– Director of Accor (France – listed company)
– CEO of Legendre Holding 19 (France – unlisted company)
– Director of Europcar Group SA (France – unlisted compny)
– Chairman of Eurazeo Capital Investissement (formerly Eurazeo partners) (France – unlisted company)
– Manager of Investco 3d Bingen (France – unlisted company)

Abroad

– Director of Colyzeo Investment Advisors (United Kingdom – unlisted company)
– Member of the Board of Directors of Gruppo Banca Leonardo (Italy – unlisted company)
– Member of the Board of Directors of Tech Data Corporation (United States – listed company)
– Member of the Advisory Board of Kitara Capital International Limited (Dubai – unlisted company)

Patrick Sayer (56 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Over the last five financial years:

In France

- Director of SASP Paris Saint-Germain Football (France – unlisted company)
- Member of the Supervisory Board of SASP Paris Saint-Germain Football (France – unlisted company)
- Chairman of the Supervisory Board of ANF Immobilier (France – unlisted company)
- Permanent representative of ColAce on the Supervisory Board of Groupe Lucien Barrière (France – unlisted company)
- CEO of Legendre Holding 11 (France – unlisted company), Immobilière Bingen (France – unlisted company) and Legendre Holding 8 (France – unlisted company)
- Chairman of the Board of Directors of Europcar Groupe SA (France – unlisted company)
- Chairman of the Board of Directors and director of Holdelis (France – unlisted company)
- Director of Edenred (France – listed company)

Abroad

- Manager of Euraleo (Italy – unlisted company)
- Member of the Advisory Board of APCOA Parking Holdings GmbH (Germany – unlisted company)
- Director of Sportswear Industries Srl (Italy – unlisted company)
- Director of Moncler Srl (Italy – unlisted company)

David Novak (45 years old)	PROFESSIONAL ADDRESS: CLEVELAND HOUSE – 33, KING STREET – LONDON SWIY 6RJ – UNITED KINGDOM	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and Chairman of the Strategic Committee

David Novak has served on the Supervisory Board of Rexel since February 13, 2007.

David Novak is a U.S. citizen.

David Novak has been with CD&R for 17 years and is a member of the Investment and Management Committees. Based in London, he is the lead financial partner responsible for B&M Retail, BCA and Rexel, as he was for Jafra until its sale to Vorwerk & Co. in 2004. He also co-led negotiations in the Firm's public-to-private acquisition of Brakes. David. Novak is a a Director of B&M and BCA. Previously, David Novak worked in the private equity and investment banking divisions of Morgan Stanley and for the Central European Development Corporation, a private equity investment firm. He is a graduate of Amherst College and holds an M.B.A. from Harvard Business School.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
February 13, 2007	From May 19, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel
– Chairman of the Strategic Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Director of Rexel Distribution
– Member of the Board of Directors of Ray Acquisition S.A.S.

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Director of B&M (United Kingdom – unlisted company)
– Director of BCA (United Kingdom – unlisted company)
– Member of the Management Board of Ray Investment (Luxembourg – unlisted company)
– Financial partner of Clayton, Dubilier & Rice LLP (United Kingdom – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Director of Italtel S.p.A. (Italy – listed company)
– Director of HD Supply (United States – listed company)

Vivianne Akriche (37 years old)	PROFESSIONAL ADDRESS: 32, AVENUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and of the Compensation Committee

Vivianne Akriche has served as a member of the Supervisory Committee since February 11, 2013. Vivianne Akriche was coopted by the Supervisory Board to replace Luis Marini-Portugal. A draft resolution ratifying her co-option is submitted to the General Meeting.

Vivianne Akriche is a French citizen.

Vivianne Akriche joined Eurazeo in 2004 where she participated in particular in the structuring or the oversight of the investments in Rexel, Moncler, Eurazeo PME, Intercos and Fonroche. From 2001 to 2004, Vivianne Akriche was part of the investment banking team of Goldman Sachs in Paris, where she advised clients on various mergers and acquisitions related topics, including investment funds and financial institutions. Vivianne Akriche is a graduate of *Hautes Études Commerciales* (HEC).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
February 11, 2013	From February 11, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– CEO of Ray France Investment (France – unlisted company)

Abroad

– Member of the Management Board of Ray Investment Sarl (Luxembourg – unlisted company)
– Director of Intercos SpA (Italy – unlisted company)
– Director of SPW Holding Srl (Italy – unlisted company)
– Director of ECIP SPW SA (Luxembourg – unlisted company)
– Director of ECIP M SA (Luxembourg – unlisted company)
– Director of Moncler SpA (Italy – listed company)
– Director of Industries SpA (Italy – unlisted company)
– Director of ISC SpA (Italy – unlisted company)

Over the last five financial years:

In France

– Member of the Strategy Committee of Fonroche Energie SAS (France – unlisted company)

Abroad

–

François David* (72 years old)	PROFESSIONAL ADDRESS: MOELIS, 121 AVENUE DES CHAMPS ELYSÉES – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Compensation Committee and of the Strategic Committee

François David has served on the Supervisory Board of Rexel since April 4, 2007.

François David is a French citizen.

François David was a civil administrator at the De partment of External Economic Relations at the French Ministry of Finance (1969-1973), Trade Advisor at the French Embassy in London (1974-1976), Agricultural Policy Bureau Chief at the Department of External Economic Relations (1976-1978), Technical Advisor to Jean-François Deniau (Minister of Foreign Trade) (1978-1980), Junior Director (1981-1984), Assistant Director (1984-1986) at the Economics, Finance and Budget Ministry, Bureau Director to Michel Noir (Minister Delegate to the Minister of State, Minister of Economics, Finance and Privatization, Foreign Trade Representative) (1986-1987), Director of the Department of External Economic Relations (1987-1989), General Director of International Affairs of Aerospatiale (1990-1994). François David was the Chairman of Coface from since July 1994 until May 2012, Chairman of the Union of Berne (1997-1999), Chairman of the Global Economy Information and Reflection Club (CIREM) of CEPII, the French research center of international economics (1999-2002), Chairman of the International Credit Insurance & Surety Association (ICISA) (2004-2006). He is now the Honorary Chairman of the Board of directors of Coface and Senior Advisor of Moelis & Company and of Alexander Proudfoot. François David sits on the Board of Directors of Natixis Coficiné and on the Supervisory Board of Lagardère SCA, Galatée Films and AREVA. He was an observer *(censeur)* at Rexel until 2007. François David is also a member of the *Conseil de l'Ordre de la Légion d'Honneur* (November 2009).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
April 4, 2007	From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board
– Member of the Compensation Committee of Rexel
– Member of the Strategic Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Observer *(censeur)* of Rexel Distribution

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Honorary Chairman of the Board of Directors of Coface (France – unlisted company)
– Senior Adviser of Moelis & Company
– Senior Adviser of Alexander Proudfoot
– Member of the Supervisory Board of AREVA (France – listed company)
– Member of the Supervisory Board of Lagardère SCA (France – listed company)
– Member of the Board of Directors of Natixis Coficiné (France – unlisted company)
– Member of the Supervisory Board of Galatée Films (France – unlisted company)
– Member of the *Conseil de l'Ordre National de la Légion d'honneur* (France – unlisted company)

Abroad

–

* Independent member.

François David* (72 years old)	PROFESSIONAL ADDRESS: MOELIS, 121 AVENUE DES CHAMPS ELYSÉES – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –
	TITLES AND DUTIES OUTSIDE THE REXEL GROUP: **Over the last five financial years:** *In France* – Chairman of the Board of Directors of Coface Services (France – unlisted company) – Chairman of Coface ORT (France – unlisted company) – Chairman of La Librairie Électronique (LLE) (France – unlisted company) – Chairman of the Board of Directors of Coface (France – unlisted company) – Member of the Board of Directors of Vinci (France – listed company) – Chairman of the Centre d'études financières (France – unlisted company) – Chairman of Or Informatique (France – unlisted company) – Member of the Board of Directors of the Coface Trade Aid Association (France – association) *Abroad* – Director of EADS (The Netherlands – listed company) – Chairman of the Board of Directors of Coface Assicurazioni (Italy – unlisted company) – Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany – unlisted company)	

* Independent member.

Thomas Farrell* (57 years old)	PROFESSIONAL ADDRESS: LAFARGE SA – 61, RUE DES BELLES FEUILLES – 75016 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and member of the Strategic Committee

Thomas Farrell has served on the Supervisory Board since May 16, 2012.

Thomas Farrell is a U.S. citizen.

Thomas Farrell has been with Lafarge since 1990. Prior to joining Lafarge, Thomas Farrell was a corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. After joining Lafarge, Thomas Farrell first worked at the Paris headquarters as Vice-President of Strategy for two years. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. In June 2002, Thomas Farrell was appointed EVP of Lafarge North America. In September 2007, he was appointed Lafarge Group EVP, Co-President of the Aggregates & Concrete Division, and a member of the Executive Committee. In January 2012, he became Group EVP, Operations. Thomas Farrell is a graduate of Brown University (1978) and a doctor in law (PhD) from Georgetown University (1981).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
May 16, 2012	From May 22, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee
– Member of the Strategy Committee

Abroad

–

Over the last five financial years:

In France

– Observer *(censeur)* of the Supervisory Board of Rexel

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Group EVP, Operations of Lafarge (France – listed company)

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

* Independent member.

Fritz Fröhlich*

(72 years old)

PROFESSIONAL ADDRESS:
SASCHSENSTR 25 – 42287 WUPPERTAL – GERMANY

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, Chairman of the Audit Committee and member of the Appointment Committee and of the Compensation Committee

Fritz Fröhlich has served on the Supervisory Board of Rexel since April 4, 2007.

Fritz Fröhlich is a German citizen.

Previously, Fritz Fröhlich served as Deputy Chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career by working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V., ASML N.V. and Prysmian SpA, as well as Chairman of the supervisory boards of Randstad Holding N.V. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

FIRST APPOINTMENT:
April 4, 2007

CURRENT TERM OF OFFICE:
From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France
- Member of the Supervisory Board
- Chairman of the Audit Committee of Rexel
- Member of the Appointment Committee of Rexel
- Member of the Compensation Committee of Rexel

Abroad
–

Over the last five financial years:

In France
–

Abroad
–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France
–

Abroad
- Chairman of the Supervisory Board of Randstad Holding N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of Allianz Nederland Groep N.V. (The Netherlands – unlisted company)
- Member of the Supervisory Board of ASML N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of Prysmian SpA (Italy – listed company)

Over the last five financial years:

In France
–

Abroad
- Chairman of the Supervisory Board of Altana A.G. (Germany – listed company)
- Chairman of the Supervisory Board of Draka N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH (Germany – unlisted company)
- Member of the Supervisory Board of Kempen & Co N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of Gamma Holdings N.V. (The Netherlands – listed company)

* Independent member.

François Henrot* (64 years old)	PROFESSIONAL ADDRESS: 23 BIS AVENUE DE MESSINE, 75008 PARIS	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

François Henrot has served on the Supervisory Board of Rexel since October 30, 2013. He was coopted by the Supervisory Board on October 30, 2013 to replace Manfred Kindle. The ratification of François Henrot's cooptation as member of the Supervisory Board has been submitted to the Shareholders' Meeting.

François Henrot is a French citizen.

François Henrot has been Managing Partner of Rothschild & Cie since 1998 and he serves as Chairman of the investment bank of the Rothschild Group. He started his career in 1974 at the French Council of State. In 1979, he became Director of France's Telecommunications Department. In 1985, he joined the Compagnie Bancaire where he became COO and Chairman of the Management Board. He was a Management Board Member at Compagnie Financière de Paribas from 1995 to 1998 before joining Rothschild. François Henrot is a Board member of Paris-Orléans SA (the holding company of the Rothschild Group), Vallourec as Observer, and Cobepa, which he presides. François Henrot is a graduate of the École Nationale d'Administration (ENA).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
October 30, 2013	From October 30, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Chairman of the investment bank of the Rothschild Group (France – unlisted company)
– Managing partner of Rothschild et Compagnie (France – unlisted comapny)
– Member of the Supervisory Board of Paris Orléans SA (holding of the Rothschild Group) (France – listed company)
– Observer *(censeur)* of the Board of Directors of Vallourec (listed company)

Abroad

– Member of the Supervisory Board of Yam Invest NV (The Netherlands – unlisted company)
– Chairman of the Board of Directors of Cobepa (Belgium – unlisted company)

Over the last five financial years:

In France

– Managing partner of Rothschild & Cie Banque (France – unlisted company)
– Member of the Board of Directors of 3 Suisses (France – unlisted company)
– Member of the Supervisory Board of Vallourec (France – listed company)

Abroad

–

* Independent member.

Monika Ribar* (54 years old)	PROFESSIONAL ADDRESS: BÜNDTENMATTSTR. 53, 4102 BINNINGEN, SWITZERLAND	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Appointments Committee and of the Strategic Committee

Monika Ribar was coopted by the Supervisory Board on October 30, 2013 to replace Eurazeo. The ratification of Monika Ribar's cooptation as member of the Supervisory Board has been submitted to the Shareholders' Meeting.

Monika Ribar is a Swiss citizen.

Monika Ribar was the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, from October 2006 until May 2013. At Panalpina Group, Monika Ribar has also occupied a variety of positions, including Chief Financial Officer, Chief Information Officer and Corporate Controller, and also served in project management positions. Prior to joining Panalpina, Monika Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, as Head of Strategic Planning, and at BASF, the German chemical products company. Monika Ribar also serves on the Boards of SIKA AG, a supplier of specialty chemical products and industrial materials, Swiss International Air Lines Ltd., the flag carrier airline of Switzerland, and Logitech, a world leader in electronics peripherals. Monika Ribar holds a Masters degree in Economics and Business Administration from the University of St.Gallen, Switzerland.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
October 30, 2013	From October 30, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Director and member of the Audit and Compensation Committee of Logitech International S.A. (Switzerland – listed company)
– Director and Chair of the Audit Committee of Sika AG (Switzerland – listed company)
– Director of Swiss International Airlines (Switzerland – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Chair and CEO of Panalpina Welttransport (Switzerland – listed company)

* Independent member.

Hendrica Verhagen* (47 years old)	PROFESSIONAL ADDRESS: PRINSES BEATRIXLAAN 23, 2595 AK, THE HAGUE, THE NETHERLANDS	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

Hendrica Verhagen was coopted by the Supervisory Board on November 28, 2013 to replace Akshay Singh. The ratification of Hendrica Verhagen's cooptation as member of the Supervisory Board as well as the renewal of her term of office as member of the Supervisory Board have been submitted to the Shareholders' Meeting.

Hendrica Verhagen is a Dutch citizen.

Hendrica Verhagen has been Chief Executive Officer of PostNL since April 2012. Prior to this, she served as a member of the Management Board of PostNL N.V., and was Managing Director Parcels and International PostNL, as of 2011. Hendrica Verhagen joined TNT Post in 1993 as a sales manager before going on to hold a number of senior positions including Commercial Director, Coordinating Managing Director Mail NL and Managing Director Group HR of TNT N.V. Hendrica Verhagen sits on the supervisory board of Nutreco N.V. Hendrica Verhagen obtained a Masters Degree in Law from the University of Nijmegen, a Masters degree in Human Resources from the Tilburg University, an International Management degree from INSEAD, a degree in Economics from the London School of Economics and an Executive MBA degree from Stanford University.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
November 28, 2013	From November 28, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:	TITLES AND DUTIES OUTSIDE THE REXEL GROUP:
Current:	**Current:**
In France	*In France*
– Member of the Supervisory Board of Rexel	–
Abroad	*Abroad*
–	– Chair, CEO and member of the Management Board of PostNL NV (The Netherlands – listed company) – Member of the Supervisory Board of Nutreco NV (The Netherlands – listed company)
Over the last five financial years:	**Over the last five financial years:**
In France	*In France*
–	–
Abroad	*Abroad*
–	–

* Independent member.

- Supervisory Board Observer *(censeur)*

On May 22, 2013, the Supervisory Board accordingly decided to appoint Pier-Luigi Sigismondi as Supervisory Board observer *(censeur)*. The purpose of this appointment is to enable him to take part in Supervisory Board meetings pending the submission to the shareholders' meeting of a resolution appointing him as Supervisory Board member. Since July 2013, he is also a permanent guest of the Appointment and Compensation Committees meetings.

Pier-Luigi Sigismondi satisfies the criteria to be considered as an independent Supervisory Board member.

Pier-Luigi Sigismondi (47 years old)	PROFESSIONAL ADDRESS: UNILEVER PLC, UNILEVER HOUSE, 100 VICTORIA EMBANKMENT, LONDON EC4Y 0DY, UNITED KINGDOM	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Observer *(censeur)* of the Supervisory Board

Pier-Luigi Sigismondi was appointed as observer *(censeur)* by the Supervisory Board on May 22, 2013.

Pier-Luigi Sigismondi has been a member of the Executive Board and Chief Supply Chain Officer of Unilever since 2009. Prior to that, Pier-Luigi Sigismondi worked for Nestlé SA, where he was Vice-President of corporate operations strategies, based in Switzerland, in charge of industrial strategies of the group worldwide as well as management of global cost improvement programmes before moving to Nestlé Mexico in 2005 as Vice-President of operations and R&D. Pier-Luigi Sigismondi started his career in consulting, first with Booz Allen & Hamilton and later with AT Kearney. An Italian citizen, Pier-Luigi Sigismondi holds a Masters Degree in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

TERM OF OFFICE

Pier-Luigi Sigismondi's appointment as Supervisory Board member for a term of four years, *i.e.* until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017, is submitted to the approval of the Shareholders' Meeting

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Observer *(censeur)* of the Supervisory Board of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Member of the Executive Board and Chief Supply Chain Officer of Unilever (United Kingdom – listed company)

Over the last five financial years:

In France

–

Abroad

–

• Citizenship of the members of the Supervisory Board

Six members of the Supervisory Board are foreign (Germany, United States, The Netherlands, Switzerland).

• Balanced representation of men and women

On the date of this *Document de Référence*, the Supervisory Board comprises three female members and thus complies with the provisions of Law n°2011-103 of January 27, 2011 on the balanced representation of men and women within management and supervisory boards and professional equality.

• Appointment and renewal of Supervisory Board members

During the financial year ended on December 31, 2013, Françoise Gri, independent member of the Supervisory Board, resigned from her position as a member of the Supervisory Board of Rexel in order to reduce her number of corporate offices. The Supervisory Board consequently appointed Pier-Luigi Sigismondi as observer *(censeur)* of the Supervisory Board pending the submission to the Sharheolders' Meeting of a resolution appointing him as member of the Supervisory Board.

In addition, during the financial year ended on December 31, 2013, Eurazeo, represented by Marc Frappier, Manfred Kindle, Akshay Singh and Angel L. Morales resigned from their position as members of the Supervisory Board of Rexel, further to changes in Rexel's shareholder base. As a result, on October 30, 2013 and on November 28, 2013, the Supervisory Board coopted Monika Ribar, François Henrot and Hendrica Verhagen as independent members of the Supervisory Board, replacing Eurazeo, Manfred Kindle and Akshay Singh. The ratification of these cooptations is submitted to the approval of the Shareholders' Meeting.

Lastly, the terms of office of Patrick Sayer and Hendrica Verhagen (who was coopted to replace Akshay Singh) as

Supervisory Board members are due to expire at the close of the Shareholders' Meeting. Accordingly, a proposal has been submitted to the Shareholders' Meeting to approve the renewal of their term of office for a term of four years.

• Multiple corporate offices

In relation to the holding of multiple corporate offices, Rexel intends to comply with the recommendations of the AFEP-MEDEF Code.

7.1.2.2 Operation of the Supervisory Board

The Supervisory Board is organized and performs the missions entrusted to it in accordance with applicable laws, the Company's articles of association and its internal regulations.

• The missions of the Supervisory Board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. In particular, the Supervisory Board has the following specific duties:

- it appoints and dismisses Management Board members and determines their compensation (including benefits in kind and special pension arrangements);
- it appoints and dismisses the Chairman of the Management Board;
- if permitted by the by-laws, it may grant powers to one or more Management Board members to represent Rexel;
- it co-opts Supervisory Board members;
- it authorizes agreements that are subject to article L.225-86 of the French Commercial Code;
- it creates the Supervisory Board Committees, defines their powers, appoints committee members and determines their compensation;
- it authorizes the sale of real properties and the disposal of equity investments, in whole or in part, and grants security interests;
- it allocates attendance fees;
- it approves securities, endorsements and guarantees.

In addition, pursuant to the Company's articles of association, certain decisions by the Management Board require the prior approval of the Supervisory Board (see paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the articles of association)" of this *Document de Référence*).

• Information of the Supervisory Board

The members of the Supervisory Board receive appropriate information as well as the documents required to perform their mission and to prepare the deliberations. The information and documents are sent to the members of the Supervisory Board at least three days before the date of the Supervisory Board meeting. They include the meeting agenda, draft resolutions, draft reports as well as any other document required to review the decisions set forth on the agenda.

In addition, at least once every quarter, the Management Board submits a management report on the Company's business to the Supervisory Board. The Supervisory Board also reviews and comments on the report drawn up by the Management Board.

Finally, the Management Board or the Chairman of the Management Board informs the members of the Supervisory Board of any events or transactions of significant importance for the Company and the Rexel Group.

• The Supervisory Board's Rules of Procedure

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, which were last updated on May 22, 2013, for the purpose of setting forth the provisions governing the organization and operation of the Supervisory Board and the rights and responsibilities of its members. These Rules of Procedure are not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Supervisory Board.

The Supervisory Board's Rules of Procedure are available on the Company's website (www.rexel.com) and the main stipulations of the Rules of Procedure are reproduced or summarized below.

Members of the Supervisory Board

The Supervisory Board is made up of five to fifteen members, subject to exemption provided for by law in the case of a merger. Supervisory Board members are appointed by the ordinary shareholders' meeting for a term of 4 years (as an exception, the duties of the current members of the Supervisory Board, the term of which was determined for 5 years, shall expire at their initial expiry date).

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The terms of office of the persons so appointed will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman prior to the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

The new members of the Supervisory Board follow an integration programme designed to acquaint them with the Rexel Group and its business.

Duties and powers of the Supervisory Board

It has the following powers:

(i) Powers in the area of control:

- it reviews the financial condition, cash position and commitments of Rexel and its subsidiaries;
- it reviews the financial statements auditing process and information provided to the shareholders and to the market;
- it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

- it appoints and dismisses Management Board members (including the Chairman), determines their number within the limits provided by the by-laws and their compensation;
- it appoints and dismisses the Chairman of the Management Board, including in his capacity as member of the Management Board;
- it co-opts the members of the Supervisory Board;
- it allocates attendance fees.

(iii) Preparation of reports to be submitted to general shareholders' meetings:

Each year, the Supervisory Board submits to the ordinary annual shareholders' meeting its comments on the Management Board's report and on the financial statements for the financial year.

The Chairman of the Supervisory Board must append to this report a report on how the Supervisory Board prepares and organizes its work, and on the internal control procedures implemented by Rexel.

The Supervisory Board submits recommendations on the reappointment of Supervisory Board members.

(iv) Powers to grant prior authorization to the Management Board to make certain decisions:

The Supervisory Board grants to the Management Board the authorizations required by law or by a provision of the by-laws of Rexel.

In addition, a list of decisions made by the Management Board, which are subject to prior authorization by the Supervisory Board under the terms of Rexel's by-laws, is mentioned in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence*.

Meetings of the Supervisory Board

Insofar as possible and depending on the circumstances, any deliberation of the Supervisory Board on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman. Meetings may be held by videoconference or any other form of telecommunication. Meetings are held at the registered office or at any other place specified in the notice of meeting.

The Chairman of the Supervisory Board may invite some or all members of the Management Board to attend Supervisory Board meetings, without the right to participate in the vote.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance. Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members and only at meetings chaired by the Chairman of the Supervisory Board.

An attendance record is kept, and signed by those members of the Supervisory Board participating in each meeting.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members. The copies or extracts of these minutes are certified by the Chairman or Deputy Chairman of the Supervisory Board, a member of the Management Board or a duly empowered proxy.

Code of Conduct of the Supervisory Board

The Supervisory Board, a collegiate body, is required to act in Rexel's corporate interests under all circumstances. Therefore, the Supervisory Board members carry out their duties with loyalty, in good faith, and with professionalism and independence. Also, they ensure that any conflict of interest that might exist between their personal interests and those of Rexel is avoided.

Compensation of Supervisory Board members

The ordinary shareholders' meeting may allocate attendance fees to Supervisory Board members. The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or functions assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No other compensation, whether permanent or temporary, may be allotted to Supervisory Board members unless they are bound to Rexel by an employment agreement under the conditions allowed by applicable law and regulations.

Independent members of the Supervisory Board

In accordance with the good corporate governance principles and practices set out in its Rules of Procedure, the Supervisory Board and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

The definition of independence as well as the independence criteria are set by reference to the AFEP and MEDEF corporate governance guidelines.

The Supervisory Board may find that even where one of its members fulfils the independence criteria defined by the recommendations of the AFEP and of the MEDEF, that member may not be designated as independent owing to his/her individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason.

Qualification procedure for independent members

The Appointment Committee reviews the designation of independent members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria. The Supervisory Board submits the findings of its review to the shareholders in the annual report.

Based on this review for the year ended December 31, 2013, six Supervisory Board members were independent: François David, Thomas Farrell, Fritz Fröhlich, François Henrot, Monika Ribar and Hendrica Verhagen. In addition, Pier-Luigi Sigismondi, the Supervisory Board observer *(censeur)*, satisfies the independence criteria for members of the Supervisory Board.

It also results from this review that two members of the Audit Committee were independent during the year ended December 31, 2013 (Fritz Fröhlich and Thomas Farrell). The Appointment Committee included two independent members during the year ended December 31, 2013 (Fritz Fröhlich and Monika Ribar, who was appointed on October 30, 2013). The Compensation Committee included two independent members during the year ended December 31, 2013 (François David and Fritz Fröhlich).

Subject to his appointment by the Shareholders' Meeting as member of the Supervisory Board, Pier-Luigi Sigismondi appointment as member of the Appointment Committee and of the Compensation Committee shall be submitted to the Supervisory Board for approval further to said Shareholders' Meeting, on the recommendation of the Compensation Committee. Since his appointment, Pier-Luigi Sigismondi attended all Appointment Committee and Compensation Committee meetings in a capacity as permanent guest.

The Strategic Committee included three independent members during the year ended December 31, 2013 (François David, Thomas Farrell and Monika Ribar, who was appointed on October 30, 2013).

Supervisory Board observer (censeur)

The Supervisory Board may appoint one or more observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Supervisory Board Committees

The Supervisory Board may create committees to assist it in carrying out its functions. The Supervisory Board Rules of Procedure set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Supervisory Board Rules of Procedure set certain rules that are specific to the Audit Committee, Appointment Committee, Compensation Committee and Strategic Committee.

Assessment of organization and operation of the Supervisory Board

In accordance with its Rules of Procedure, the Supervisory Board undertakes a self-assessment of its performance on a periodic basis and at least once a year. In addition, an assessment of the Supervisory Board's performance is carried out at least once every three years, with the assistance of an external consultant.

For 2013, the Supervisory Board conducted a self-assessment of its performance on the basis of anonymous questionnaires sent to each of its members.

The assessment conducted in respect of the financial year ended on December 31, 2013 shows that the members of the Supervisory Board are generally satisfied with the composition, the organization and the functioning of the Supervisory Board and its committees. The quality of the information provided to the members of the Supervisory Board and the organization of the meetings as well as the professionalism of the members of the Supevisory Board have been emphasized. Following the changes that occurred in 2013 in the context of the evolution of the shareholding of Rexel, the members of the Supervisory Board note that the appointment of an increased number of independent members has allowed an improvement of the debates quality. They insist on the importance for the new members to familiarize themselves with the management, the organization and the business of the Rexel Group.

7.1.2.3 The work of the Supervisory Board during the 2013 financial year

During the financial year ended on December 31, 2013, the Supervisory Board met 8 times upon notice given in accordance with the articles of association and with the rules of procedure.

During the financial year ended on December 31, 2013, the Supervisory Board deliberated on, *inter alia*:

- the review of the financial statements for the financial year ended on December 31, 2012, as drawn up by the Management Board;
- the review of the 2012 *Document de Référence*;
- the preparation of the Company's shareholders' meeting of May 22, 2013;
- the review of the quarterly and half-year financial statements, the quarterly and half-year management reports drawn up by the Management Board and related financial communication;
- the review of the work of the Supervisory Board Committees;
- the issue of the 2013 Bonds;
- the authorization of the free allotment of shares to certain corporate officers and Rexel Group employees;
- the Rexel Group's budget for the 2013 financial year as well as the strategic three-year plan;
- Rexel Group's development projects;
- the risk-mapping review ; and
- the transactions related to the employee share-ownership plan proposed to Rexel Group employees in France and abroad.

The Board of Directors was further informed of the progress made on the main projects conducted by the Rexel Group subsidiaries.

The presence rate of each member of the Supervisory Board at the meetings of the Supervisory Board and its Committees was as follows:

	SUPERVISORY BOARD		AUDIT COMMITTEE		APPOINTMENT COMMITTEE		COMPENSATION COMMITTEE		STRATEGIC COMMITTEE	
MEMBERS OF THE SUPERVISORY BOARD	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE
Roberto Quarta	8/8	100%	–	–	5/5	100%	7/8	88%	–	–
Patrick Sayer	7/8	88%	–	–	4/5	80%	6/8	75%	3/5	60%
Vivianne Akriche	7/7	100%	2/3	67%	–	–	–	–	–	–
François David	8/8	100%	–	–	–	–	7/8	88%	5/5	100%
Eurazeo (Marc Frappier)	2/7	29%	–	–	–	–	–	–	–	–
Thomas Farrell	7/8	88%	5/5	100%	–	–	–	–	4/5	80%
Fritz Fröhlich	8/8	100%	5/5	100%	5/5	100%	8/8	100%	–	–
Françoise Gri	1/1	100%	–	–	1/1	100%	1/2	50%	–	–
François Henrot	1/1	100%	–	–	–	–	–	–	–	–
Manfred Kindle	4/7	57%	–	–	–	–	–	–	–	–
Angel L. Morales	7/8	88%	–	–	5/5	100%	–	–	4/4	100%
David Novak	6/8	75%	4/5	80%	–	–	–	–	5/5	100%
Monika Ribar	1/1	100%	–	–	–	–	–	–	2/2	100%
Akshay Singh	7/8	88%	5/5	100%	–	–	7/7	100%	–	–
Hendrica Verhagen	–	–	–	–	–	–	–	–	–	–
Pier-Luigi Sigismondi *(censeur)*	3/3	100%	–	–	1/1	100%	2/2	100%	–	–
Average rate		**85%**		**89%**		**97%**		**86%**		**90%**

7.1.3 Supervisory Board Committees

In order to perform its mission and facilitate its debates and decisions, the Supervisory Board has created four special committees and determined their composition and responsibilities: the Audit Committee, the Compensation Committee, the Appointment Committee and the Strategic Committee.

The committees are responsible for providing the Supervisory Board with their opinions, proposals or recommendations. Their powers are strictly advisory and they discharge their duties under the Supervisory Board's responsibility.

Each of the Supervisory Board's special committees has drawn up rules of procedure that have been approved by the Supervisory Board and set out the applicable stipulations of the Supervisory Board Rules of Procedure.

With respect to the membership of the committees, the Supervisory Board's objective is to enhance the presence of female members and of independent members.

7.1.3.1 Audit Committee

• Members of the Audit Committee

The Audit Committee was set up on March 1, 2007 and is made up of the following persons:

- Fritz Fröhlich (Chairman and independent member);
- David Novak;
- Vivianne Akriche (appointed on February 11, 2013 to replace Luis Marini-Portugal, resigning member), and
- Thomas Farrell (independent member).

The members of the Audit Committee are appointed on the basis of specific skills in the financial or accounting fields, in consideration of their academic education and professional experience, in particular in connection with the preparation, audit and analysis of financial statements, accounting issues and risk follow-up and management.

The independence criteria of the members of the Supervisory Board are set out in the Supervisory Board Rules of Procedure (see section 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence*). The criteria for independent members of the Committees, in particular of the Audit Committee, are identical. Within the Audit Committee, in the financial year ended December 31, 2013, Fritz Fröhlich and Thomas Farrell were therefore considered as independent.

Fritz Fröhlich, independent member, has specific skills in the financial or accounting fields. Furthermore, each of the other members of the Audit Committee has skills in the financial or accounting fields.

The members of the Audit Committee are informed of the Group's accounting, financial or operational specificities.

• Operation of the Audit Committee

The main provisions of the Rules of Procedure of the Audit Committee are set out below. Such provisions take into account the conclusions of the working group on audit committee set up by the AMF.

Members

The Audit Committee is made up of a maximum of five members, at least two of whom must be independent. At least one of the independent members shall have an expertise in financial and accounting matters.

The Chairman of the Supervisory Board shall not be a member of the Audit Committee.

The members of the Audit Committee shall be appointed for their expertise in accounting and finance matters.

Powers

The Audit Committee monitors the elaboration and the control of the financial and accounting information. It assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of Rexel, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

- review and control of the financial and accounting information:
  - knowledge of the scope of consolidation, accounting methods and auditing procedures;
  - review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions and of material risks and off-balance sheet liabilities;
  - knowledge of accounting positions taken in recognizing material transactions;
  - submission of recommendations to the Supervisory Board on all proposed adoption of material changes in accounting methods;
  - review of the Rexel Group's financial position;
  - monitoring of the review by the auditors of the consolidated and company quarterly, half-yearly and annual financial statements;

- review of the procedures for preparing the information provided to the shareholders and to the market and review of the press releases published by the Rexel Group in connection with financial and accounting matters;

– control of the statutory auditors' mission and independence:
  - oversight of the selection procedure applicable to the statutory auditors;
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to appoint, replace and reappoint statutory auditors to the shareholders' meeting;
  - knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Management Board;
  - ascertaining that the statutory auditors comply with the rules governing their independence;

– control of internal audit procedures and monitoring of the internal control and risk management systems efficiency:
  - submission of recommendations on the mission and organization of the Rexel Group's internal audit department and its action plan;
  - review of main findings carried out by Internal Audit within the framework of its work, followed by a report to the Supervisory Board;
  - review of the contributions of the internal audit department to the assessment of the risk management and internal control procedures;
  - review of the organization and application of internal control framework within the Rexel Group and review of the risk identification and management procedures.

Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee must report on its activities to the Supervisory Committee on a regular basis, and at least at the time at which the Management Board adopts the financial statements for the year, semester and trimester.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

- **The work of the Audit Committee during the financial year ended on December 31, 2013**

The Audit Committee met 5 times in the course of the financial year, in particular prior to the meetings of the Supervisory Board called upon to approve the accounts drawn up by the Management Board, and reported on its work to the Supervisory Board.

The Company's Chief Finance, Control and Legal Officer, the Group's Chief Administrative and Financial Officer, the Group's Chief Internal Audit Officer and the Group Consolidation and Accounting Standards Officer and, as the case may be, the Group Chief Finance and Treasury Officer, upon invitation, attended each of these meetings, some of which were also attended by the statutory auditors.

In addition, the Committee may ask to hear the Chairman of the Management Board, if it deems it necessary in view of the matters on the agenda.

Its work related to, in particular, (i) the financial statements for the financial year ended on December 31, 2012, the summary half-year financial statements as at June 30, 2013 and the summary quarterly financial statements as at March 31, 2013 and September 30, 2013, (ii) the proper application of the accounting principles, (iii) the tax position of the Rexel Group subsidiaries, (iv) the Rexel Group's financial indebtedness, (v) the main off-balance sheet commitments, (vi) the main financial orientations, (vii) the audit and internal control works, (viii) the Rexel Group's risk-mapping updating process, (ix) various topics related to risks and to the internal control and risk management systems, (x) the group's commitments in relation to pensions, and (xi) the issue of the 2013 Bonds.

The Statutory Auditors presented their findings in connection with the audit of the annual financial statements for the financial year ended on December 31, 2012, the limited review of the summary half-year financial statements as at June 30, 2013 and of the procedures followed for the purpose of the summary quarterly financial statements as at March 30, 2013 and September 30, 2013.

The attendance rate for Audit Committee meetings was 89%.

7.1.3.2 Appointment Committee

- **Members of the Appointment Committee**

The Appointment Committee was set up on March 1, 2007 and is made up of the following persons:

– Roberto Quarta (Chairman);

– Patrick Sayer;

– Fritz Fröhlich (independent member); and

– Since October 30, 2013, Monika Ribar (independent member).

Françoise Gri, independent member of the Appointment Committee, resigned from her positions as member of the Supervisory Board, of the Appointment Committee and of the Compensation Committee of Rexel with effect as from February 11, 2013.

Subject to his appointment by the Shareholders' Meeting as member of the Supervisory Board, Pier-Luigi Sigismondi's appointment as member of the Appointment Committee shall be submitted to the Supervisory Board for approval further to said Shareholders' Meeting, on the recommendation of the Appointment Committee. Since his appointment, Pier-Luigi Sigismondi attended all Appointment Committee meetings in a capacity as permanent guest.

• Operation of the Appointment Committee

The main provisions of the rules of procedure of the Appointment Committee are set out below.

Members

The Appointment Committee is made up of a maximum of five members, at least two of whom are independent.

Powers

The Appointment Committee has the following responsibilities:

– issue recommendations on the appropriateness of appointments, dismissals of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the Chairman of the Audit, Strategic and Compensation Committees, members and the Chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board, Management Board or Executive Committee members;

– propose independence criteria for members of the Supervisory Board;

– verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman of the Supervisory Board on the number of independent members;

– be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Management Board or of the Supervisory Board;

– issue a recommendation, on the Management Board's proposal, on the acceptance and resignation by Rexel from any office as member of the Board of Directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on the said Board of Directors or equivalent bodies.

Operations

The Appointment Committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Appointment Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Appointment Committee.

The Appointment Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Appointment Committee may not be represented by proxy.

The Appointment Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

The Chairman of the Management Board is involved in the work of the Appointment Committee.

• The work of the Appointment Committee during the financial year ended on December 31, 2013

During 2013, the Appointment Committee met 5 times and reported on its work to the Supervisory Board.

In particular, the Appointment Committee proposed the appointment of Catherine Guillouard as Group Chief Financial Officer, Group Senior Vice-President and member of the Management Board, the appointment of Sharon MacBeath as Group Senior Vice-President Human Resources, the appointment of Pier-Luigi Sigismondi as Supervisory Board observer *(censeur)* and submitted a proposal to the Shareholders' Meeting to appoint him as member of the Supervisory Board, the appointment of Monika Ribar, François Henrot and Hendrica Verhagen as Supervisory Board members, replacing Eurazeo (represented by Marc Frappier), Manfred Kindle and Akshay Singh, resigning members.

The attendance rate for Appointment Committee meetings was 97%.

7.1.3.3 Compensation Committee

• Members of the Compensation Committee

The Compensation Committee was set up on March 1, 2007 and is made up of the following persons:

– Patrick Sayer (Chairman, appointed on February 11, 2013)

– Roberto Quarta;

– François David (independent member); and

– Fritz Fröhlich (independent member).

Françoise Gri, independent member of the Appointment Committee during the 2012 financial year, resigned from her positions as member of the Supervisory Board, of the Appointment Committee and of the Compensation Committee of Rexel with effect as from February 11, 2013.

Subject to his appointment by the Shareholders' Meeting as member of the Supervisory Board, Pier-Luigi Sigismondi's appointment as member of the Compensation Committee shall be submitted to the Supervisory Board for approval further to said Shareholders' Meeting, on the recommendation of the Appointment Committee. Since his appointment, Pier-Luigi Sigismondi attended all Compensation Committee meetings in a capacity as permanent guest.

• Operation of the Compensation Committee

The main provisions of the rules of procedure of the Compensation Committee are set out below.

Members

The Compensation Committee is made up of a maximum of six members, at least three of whom must be independent.

The Chairman and Deputy Chairman of the Supervisory Board may serve on the Compensation Committee but may not participate in the Compensation Committee's work concerning their own compensation.

Powers

The responsibilities of the Compensation Committee are the following:

– to make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind;

– to be informed of planned compensation in the event of the breach of an employment agreement or corporate mandate of a Management Board or Executive Committee member and to render an opinion in this respect to the Chairman of the Supervisory Board;

– to render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for Rexel Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Compensation Committee.

The Compensation Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Compensation Committee may not be represented by proxy.

The Compensation Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

On an annual basis, pursuant to the exercise of its advisory functions on the setting of compensation for the members of the Management Board, the Compensation Committee may hear the members of the Management Board, notably in order to prepare the performance evaluations of the latter by the Supervisory Committee.

The Chairman of the Management Board is involved in the work of the Compensation Committee.

• The work of the Compensation Committee during the financial year ended on December 31, 2013

In 2013, the Compensation Committee met 8 times and reported on its work to the Supervisory Board.

The main points of focus of its work, which was reported to the Supervisory Board, included, in particular (i) making proposals in relation to the compensation of the members of the Management Board and of the other members of the Executive Committee, (ii) making proposals in relation to the free allotment of shares to the members of the Management Board and to the Rexel Group employees, (iii) reviewing the compensation of the independent members of the Supervisory Board and (iv) the employee share-ownership plan proposed to the Rexel Group employees, in France and abroad.

The attendance rate for Compensation Committee meetings was 86%.

7.1.3.4 Strategic Committee

- **Members of the Strategic Committee**

The Strategic Committee was set up on March 1, 2007 and is made up of the following persons:

– David Novak (Chairman);

– Patrick Sayer;

– François David (independent member);

– Thomas Farrell (independent member), and

– Since October 30, 2013, Monika Ribar (independent member).

- **Operation of the Strategic Committee**

The main provisions of the rules of procedure of the Strategic Committee are set out below.

Members

The Strategic Committee is made up of a maximum of five members, at least two of whom must be independent, who are appointed by the Supervisory Board.

Powers

The Strategic Committee's responsibilities are:

– review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of Rexel drawn up by the Management Board. In this respect, the Strategic Committee may interview Management Board members on the assumptions applied in drawing up the said plans;

– review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;

– review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;

– review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by Rexel in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;

– review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with Rexel;

– review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries;

– review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries;

– review the Rexel Group's financial position, in conjunction with the Audit Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Strategic Committee's scope.

The Strategic Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Strategic Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

- **The work of the Strategic Committee during the financial year ended on December 31, 2013**

During 2013, the Strategic Committee met 6 times and reported on its work to the Supervisory Board.

During the year, the Strategic Committee worked on, *inter alia*, the issue of the 2013 Bonds, on the main acquisition and divestiture projects of the Rexel Group, on the three-year strategic plan, and on the 2014 budget.

The attendance rate for Strategic Committee meetings was 90%.

7.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the members of the Management Board, CEOs of the Rexel Group's geographic areas and the Communication Management. The Committee serves as a forum for the consolidation of strategy, initiative coordination and the monitoring of performance and Rexel Group-wide projects.

As of the date of this *Document de Référence*, the Executive Committee is comprised of the following persons: Rudy Provoost (Chairman of the Management Board and Chief Executive Officer); Catherine Guillouard (Management Board member, CFO and Group Senior Vice-President); Pascal Martin (Management Board member, Group Senior Vice-President, Corporate Strategy, Business Portfolio Management and New Business Development); Sharon MacBeath (Group Senior Vice-President Human Resources); Pascale Giet (Group Senior Vice-President Communications and Sustainable Development, Rexel Foundation Vice-Chairman); Peter Hakanson (Group Senior Vice-President Operations); Patrick Bérard (Senior Vice-President Southern Europe); Jeff Hall (Chairman Group Rexel Canada); Henri-Paul Laschkar (Senior Vice-President Northern Europe); Mitch Williams (Senior Vice-President Asia Pacific); Christopher Hartmann (Executive Vice-President and CEO USA); and Michel Klein (Senior Vice-President Central and Eastern Europe).

The Executive Committee meets at least every two months to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group's performance and ensure the implementation of cross-divisional cross-divisional projects for the Rexel Group.

7.1.5 Statements concerning the Management Board and Supervisory Board

To Rexel's knowledge:

- there are no family ties among members of the Management Board and Supervisory Board of Rexel;
- no member of the Management Board or Supervisory Board of Rexel has been convicted of fraud within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and
- no member of the Management Board or Supervisory Board of Rexel has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

7.1.6 Conflicts of interest

All potential conflicts of interest are submitted to a debate within the Supervisory Board.

On the date of this *Document de Référence*, David Novak and Vivianne Akriche are members of the Management Board of Ray Investment, the main shareholder of Rexel.

In addition, Patrick Sayer and Vivianne Akriche are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Furthermore, Roberto Quarta and David Novak hold various offices within Clayton Dubilier & Rice, an indirect shareholder of Rexel.

Lastly, on April, 4, 2007, Ray Investment and its shareholders entered into an agreement with Rexel in order to structure their relationships in the event of sales of Rexel's shares by Ray Investment or its shareholders.

To the knowledge of Rexel, Roberto Quarta, Patrick Sayer, Vivianne Akriche and David Novak are not in a situation of conflict of interest with respect to the performance of their corporate duties within Rexel.

As of the date of this *Document de Référence* and to Rexel's knowledge, there exists no other situation that could give rise to a conflict between the private interests of members of the Management Board or Supervisory Board and Rexel's interests.

For information regarding the appointment of members of the Supervisory Board, see paragraph 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence* as well as paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*.

7.1.7 Service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries

There are no service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries and that award any benefits.

7.2 Implementation of the AFEP-MEDEF corporate governance code of listed companies

The corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and of the *Mouvement des Entreprises de France* (MEDEF) are the Company's point of reference with regards to corporate governance.

Rexel believes to be in compliance with the corporate governance guidelines as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such guidelines are compatible with the organization, size and means of the Rexel Group, subject to the following items:

AFEP-MEDEF RECOMMENDATIONS	REXEL GROUP PRACTICE AND EXPLANATIONS
Holding of a minimum number of Company shares (recommendation 14) The articles of association or internal regulations must set a minimum number of shares of the relevant company that each member of the Board of Directors must hold in person, and which must be set forth in the annual report and/or brochure or meeting notice sent to the shareholders.	The amount of attendance fees, after taking into account potential taxes, has not been viewed as sufficient to allow the members of the Supervisory Board to reinvest it in Rexel shares. In addition, Rexel expresses reserves regarding the members of the Supervisory Board investing their attendance fees in Rexel shares as it may have as negative consequence a lack of independence on their side.
Review of the financial statements by the Audit Committee (recommendation 16.2.1) The financial statement review periods must be sufficient (at least 2 days prior to review by the Supervisory Board).	The Rexel Audit Committee that reviews the financial statements meets after the Management Board meeting during which the financial statements are closed, on the day before, or the day of, the meeting of the Supervisory Board, which controls such financial statements. The procedures set up within Rexel however enable the Audit Committee members to review the financial statements within a reasonable period prior to the meeting of the Audit Committee and of the Supervisory Board: the documents are sent to the Audit Committee and Supervisory Board members at least three business days prior to the Committee and Board meetings.
Chairman of the Appointment Committee and of the Compensation Committee (recommendations 17.1 and 18.1) The Appointment Committee and the Compensation Committee must be chaired by an independent member.	The Appointment and Compensation Committees were chaired by non-independent members during the 2013 financial year because of Rexel's shareholding structure and of the provisions of the shareholders' agreements.
Proportion of independent members on the Audit, Appointment and Compensation Committees (recommendations 16.1, 17.1 and 18.1)	Audit Committee: two out of four members are independent. Appointment Committee: two out of four members were independent at the close of the 2013 financial year. Pier-Luigi Sigismondi, observer *(censeur)* since May 22, 2013, will be appointed as member of the Appointment Committee, subject to the approval by the Shareholders' Meeting of his appointment as Supervisory Board member. Compensation Committee: two out of four members were independent at the close of the 2013 financial year. Pier-Luigi Sigismondi, observer *(censeur)* since May 22, 2013, will be appointed as member of the Compensation Committee, subject to the approval by the Shareholders' Meeting of his appointment as Supervisory Board member. The composition of the Committees is the result of Rexel's shareholding structure and of the provisions of the shareholders' agreements. The Supervisory Committee aims at increasing the presence of independent members as well as of female members.
Holding of shares by Board members (recommendation 20) Board members are required to be shareholders in their own name and to hold a fairly significant number of shares considering the amount of attendance fees received by them.	The amount of attendance fees, after taking into account potential taxes, has not been viewed as sufficient to allow the members of the Supervisory Board to reinvest it in Rexel shares. In addition, Rexel expresses reserves regarding the members of the Supervisory Board investing their attendance fees in Rexel shares as it may have as negative consequence a lack of independence on their side.

AFEP-MEDEF RECOMMENDATIONS	REXEL GROUP PRACTICE AND EXPLANATIONS
Fixed compensation of the executive corporate officers (recommendation 23.2.2) The fixed compensation should be reviewed at long intervals only, such as three years. Fixed compensation increases should be linked to events affecting the Company, and should take account of the performance compensation paid by virtue of the other components of compensation, including benefits in kind. If however the Company opts for yearly increases of its executive corporate officers' fixed compensation, such increase should be in a moderate amount and comply with the principle of consistency.	The compensation of the members of the Management Board is reviewed on an annual basis in order to allow, as the case may be, moderate increases, in line with that of comparable companies.
Stock options (recommendation 23.2.4)	The share subscription options plans and the free shares plans set up by Rexel prior to the publication of the October 2008 AFEP-MEDEF recommendations (which are included in the AFEP-MEDEF Code of corporate governance) have not been modified to take account of such recommendations, because of the practical difficulties that such modifications would have implied.
Performance shares (recommendation 23.2.4)	
Make the allotment of performance shares to executive corporate officers subject to the purchase of a defined number of shares at the time the allocated shares become available, in accordance with terms set by the Supervisory Board and made public at the time of allotment of such shares.	The free share allotments decided on May 11, 2010, May 12, 2011, October 11, 2011, May 2, 2012 and April 30, 2013 in favor of, *inter alia*, the members of Rexel's Management Board, did not provide for an obligation for such members to purchase a given number of shares on the market at the time the free shares became available. The Supervisory Board, upon the recommendations of the Compensation Committee, considered that the obligation for the members of the Management Board to retain at least 20% of their free shares vested until the end of their duties was restrictive and high enough (it being specified that for the previous allotments of free shares, this percentage was of 10%).
The allotment of options and shares to executive corporate officers must provide for performance conditions.	The "Ordinary Plan" relating to the allotment of free shares to Rudy Provoost decided by the Management Board on October 11, 2011 (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) provides that the vesting of the shares is subject to a presence criteria but does not provide for any performance criteria. This exceptional allotment of free shares to Rudy Provoost, which has been approved by the Supervisory Board, upon the recommendation of the Compensation Committee, is justified by (i) the appointment at the head of the Rexel Group of Rudy Provoost who has a unique manager profile considering the industry and (ii) the desire of the Rexel Group to compensate, to a certain extent, certain deferred compensation items which were owed to Rudy Provoost under his previous employment which he forfeited upon joining the Rexel Group.
Ensure that the options and shares valued in accordance with IFRS standards do not represent a disproportionate percentage of the overall compensation, options and shares allocated to each executive corporate officer.	The free share plans set up by the Management Board on October 11, 2011 (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) for Rudy Provoost account for a significant percentage of his gross compensation. The Supervisory Board of Rexel, on the recommendations of the Compensation Committee, took into account the specific context resulting from the arrival of Rudy Provoost within the Rexel Group. In particular, the Supervisory Board took the view that this allotment was justified by the importance of the transition period resulting from Jean-Charles Pauze's departure, the replacement of Jean-Charles Pauze by Rudy Provoost and the ambitious mid-term objectives of the Rexel Group.

AFEP-MEDEF RECOMMENDATIONS	REXEL GROUP PRACTICE AND EXPLANATIONS
Avoid an excessive concentration of the allotments in the hands of the executive corporate officers.	At the time when Rudy Provoost joined the Rexel Group, the Supervisory Board of Rexel, upon the recommendations of the Compensation Committee, authorized the exceptional allotment of free shares solely to the members of the Executive Committee of Rexel (including the members of the Management Board) and two key operations managers of the Rexel Group. The vesting of these free shares is subject to a "TSR" performance criteria (Total Shareholder Return, as such term is defined in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*). The Supervisory Board of Rexel, on the recommendations of the Compensation Committee, took into account the specific context resulting from the arrival of Rudy Provoost within the Rexel Group. In particular, the Supervisory Board took the view that this allotment was justified by the importance of the transition period resulting from Jean-Charles Pauze's departure, the replacement of Jean-Charles Pauze by Rudy Provoost and the ambitious mid-term objectives of the Rexel Group.
Make allotments at the same periods of time.	The free shares allocated by the Management Board on October 11, 2011, upon the arrival of Rudy Provoost (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) were not granted at the same periods as the previous allotments. These allotments were approved by the Supervisory Board in order to take into account the exceptional context resulting from the arrival of Rudy Provoost within the Rexel Group at this time of the year.
Start-of-duty, severance and non-competition packages for Management Board members (recommendation 23.2.5)	
The performance criteria determined by the Boards must be restrictive and allow for a severance package to be paid to a corporate officer only in the event of forced dismissal and where there is a change of control or strategy.	Severance packages for the members of the Management Board are not subject to the following cumulative conditions: (i) forced dismissal (ii) change of control or strategy. The Supervisory Board, upon the recommendations of the Compensation Committee, wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)* and non-compete indemnities, as applicable) of the members of the Management Board would be paid in case of termination of the corporate office or of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of departure at the initiative of the corporate officer or in case of a change in his/her duties within the Rexel Group (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*).

The AFEP and MEDEF corporate governance code is available on the MEDEF's website (www.medef.com).

7.3 Compensation of corporate officers

7.3.1 Compensation and benefits in kind

7.3.1.1 Members of the Management Board

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee.

In accordance with Rexel's policy on compensation, the members of the Management Board are paid a fixed annual amount which is determined according to criteria specific to each member (experience, seniority, responsibilities) and criteria based on the sector of business activity and the general economic situation. Members of the Management Board also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the members of the Management Board with the results of the business activity of Rexel and of the Rexel Group. The variable compensation is calculated on the basis of the attainment of individual goals and other criteria relative to Rexel. Individual goals are qualitative criteria determined based on the person in question, the duties carried out within Rexel or the Rexel Group and the objectives pursued by such person. Rexel- or Group-based criteria are quantitative criteria based on the results of Rexel and the aggregates that it normally uses in the context of the analysis of its financial situation.

The expected level of achievement of the 2013 goals has been precisely established but has not been made public for confidentiality reasons.

In addition, the members of the Management Board may receive bonuses for which the amount depends on constraints relative to the exercise of their duties and the realization of objectives or outstanding work.

The members of the Management Board also are awarded benefits in kind in respect of their duties carried out within the Rexel Group.

Finally, in order to bind the members to the growth of the Rexel Group and its financial results, Rexel may grant shares, subscription options or purchase options to members of the Management Board.

Compensation and benefits of the members of the Management Board

• Compensation and other benefits received by Rudy Provoost

Compensation for the financial year ending December 31, 2014

At its meeting of February 12, 2014, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Rudy Provoost for the financial year 2014:

- gross fixed compensation, amounting to €875,500 per annum;
- an annual variable target-based bonus amounting to 110% of his gross annual compensation if 100% of his individual and financial set targets are reached. This variable bonus is based for 75% on financial criteria and for 25% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 75% and shall remain set at 100% for the remaining 25%. The financial criteria for 2014 are EBITA in volume (45%), average trade operating working capital (35%) and sales growth in volume (20%). The targets to be reached are those set in the 2014 budget;
- a housing allowance for a gross annual amount of €60,000.

Compensation for the financial year ending December 31, 2013

At its meeting of March 6, 2013, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Rudy Provoost for the financial year 2013:

- gross fixed compensation, amounting to €850,000 per annum;
- an annual variable target-based bonus amounting to 100% of his gross annual compensation if 100% of his individual and financial set targets are reached. This variable bonus is based for 75% on financial criteria and for 25% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 75% and shall remain set at 100% for the remaining 25%. The financial criteria for 2013 are ATWC as a percentage of sales (15%), EBITA as a percentage of sales (20%), EBITA volume (50%) and sales growth compared to budget (15%). Individual criteria were based on items relating to the activity of Rudy Provoost in his own fields of responsibility;
- a housing allowance for a gross annual amount of €60,000;
- benefits in kind in the amount of €9,180, consisting of: a company car, a gas card, as well as €16,226 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2014, Rudy Provoost will receive a variable compensation in respect of the year ended December 31, 2013 for a gross amount of €458,129.

Compensation for the financial year ending December 31, 2012

During the financial year ended on December 31, 2012, Rudy Provoost received:

- gross fixed compensation, amounting to €800,000;
- a gross variable compensation in respect of the 2011 targets amounting to €216,670;
- an amount of €91,350 to compensate part of the lost portion of his variable compensation due by his former employer in respect of 2011 and suffered by him as a result of his decision to join the Rexel Group;
- a housing allowance for a gross annual amount of €60,000; and
- benefits in kind in the amount of €4,589, consisting of: a company car, a gas card, as well as €7,548 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2013, Rudy Provoost received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €516,860.

Directors' fees

In respect of his corporate offices within Rexel UK Ltd, British subsidiary, and Rexel Holdings USA Corp., US subsidiary, Rudy Provoost received directors' fees in an amount of €73,350, paid in 2013 in respect of the financial year ended on December 31, 2012.

Other benefits

Rudy Provoost receives the following benefits:

– a supplemental health insurance *(mutuelle)*;
– a welfare insurance *(contrat de prévoyance)*;
– a basic and supplementary pension;
– a defined benefit plan, which takes into account his seniority;
– a health check-up; and
– compensation for tax and retirement advisors' fees.

• Compensation and other benefits received by Pascal Martin

Compensation for the financial year ending December 31, 2014

At its meeting of February 12, 2014, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2014:

– gross fixed compensation, amounting to €474,300 per annum;
– an annual variable target-based bonus amounting to 65% of his gross annual compensation if 100% of his individual and financial set targets are reached. This variable bonus is based for 65% on financial criteria and for 35% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2014 are EBITA in volume (45%), average trade operating working capital (35%) and sales growth in volume (20%). The targets to be reached are those set in the 2014 budget.

Compensation for the financial year ending December 31, 2013

At its meeting of February 11, 2013, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2013:

– gross fixed compensation, amounting to €474,300 per annum; and
– an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2013 are ATWC as a percentage of sales (15%), EBITA as a percentage of sales (20%), EBITA volume (50%) and sales growth compared to budget (15%). Individual criteria were based on items relating to the activity of Pascal Martin in his own fields of responsibility;
– benefits in kind in the amount of €9,131, consisting of: a company car, a gas card, as well as €16,226 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2014, Pascal Martin will receive a variable compensation in respect of the year ended December 31, 2013 for a gross amount of €164,304.

Lastly, at its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allotment subject to a performance condition, as described in paragraph 8.1.2.6 of this *Document de Référence*. Pascal Martin was effectively present as at December 31, 2012 and as such received in January 2013 an exceptional bonus in a gross amount of €226,500.

Compensation for the financial year ending December 31, 2012

During the financial year ended on December 31, 2012, Pascal Martin received:

– a gross fixed compensation, amounting to €465,000;
– a gross variable compensation in respect of the 2011 targets amounting to €313,739; and
– benefits in kind in the amount of €6,489, consisting of: a company car, a gas card, as well as €17,000 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2013, Pascal Martin received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €200,472.

Other benefits

Pascal Martin receives the following benefits:

– a supplemental health insurance *(mutuelle)*;
– a welfare insurance *(contrat de prévoyance)*;
– a basic and supplementary pension;
– a defined benefit plan, which takes into account his seniority;

– a health check-up; and
– compensation for tax and retirement advisors' fees.

• Compensation and other benefits received by Catherine Guillouard

Catherine Guillouard was appointed as member of the Management Board on April 30, 2013.

Compensation for the financial year ending December 31, 2014

At its meeting of February 12, 2014, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Catherine Guillouard for the financial year 2014:

– gross fixed compensation, amounting to €420,000 per annum;
– an annual variable target-based bonus amounting to 65% of her gross annual compensation if 100% of her individual and financial set targets are reached. This variable bonus is based for 65% on financial criteria and for 35% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2014 are EBITA in volume (45%), average trade operating working capital (35%) and sales growth in volume (20%). The targets to be reached are those set in the 2014 budget.

Compensation for the financial year ending December 31, 2013

At its meeting of April 30, 2013, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Catherine Guillouard for the financial year 2013:

– gross fixed compensation, amounting to €420,000 per annum; and
– an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of achievement of 100% of the individual and financial targets. This variable bonus was based for 65% on financial criteria and for 35% on qualitative criteria. As an exception, for the year 2013 on a *prorata temporis* basis, this variable bonus will be guaranteed up to 70% of the nominal amount of 65% of the gross fixed compensation;
– benefits in kind in the amount of €4,319, consisting of: a company car, a gas card, as well as €4,877 for executive director's unemployment coverage (GSC).

In addition, to the extent Catherine Guillouard, in deciding to join the Rexel Group, exposed herself to a risk of losing the variable portion to which she is entitled from her former employer in respect of the year 2013, the decision was made to compensate the loss. Under this commitment, a gross amount of €58,088 was paid to Catherine Guillouard during the financial year ended December 31, 2013.

In addition, in the course of the year ended December 31, 2014, Catherine Gouillouard will receive a variable compensation in respect of the year ended December 31, 2013 for a gross amount of €129,320.

Other benefits

Catherine Guillouard receives the following benefits:

– a supplemental health insurance *(mutuelle)*;
– a welfare insurance *(contrat de prévoyance)*;
– a basic and supplementary pension;
– a defined benefit plan, which takes into account her seniority;
– a health check-up; and
– compensation for tax and retirement advisors' fees.

Compensation and benefits of former members of the Management Board

• Compensation and other benefits received by Michel Favre, who ceased to serve as a member of the Management Board on October 30, 2012

Michel Favre ceased to serve on the Managemed Board on October 30, 2012 and his employment contract expired on July 31, 2013.

Severance indemnities

On May 19, 2011, the Supervisory Board determined the items of compensation, indemnities and benefits likely to be due by reason of the termination of Michel Favre's functions as a corporate officer. These items are described in Section 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the function of corporate officer" of this *Document de Référence*.

On November 29, 2012, in relation to the indemnities to be paid to Michel Favre in connection with the termination of his functions as a member of the Management Board decided by the Supervisory Board on October 30, 2012, the Supervisory Board approved the following principles:

– in consideration for reaching the three performance criteria defined in section 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the function of corporate officer" of this *Document de Référence*, on the basis of the financial statements for the financial year ended on December 31, 2011 (such achievement to be finally established by the Supervisory Board at its meeting of February 11, 2013), to grant Michel Favre a contractual severance indemnity equal to 18 months of his reference monthly compensation; and

– not to enforce the non-competition clause set forth in Michel Favre's employment contract and described in Section 7.3.2 "Compensation, indemmities or benefits due or that may become due as a result of the assumption, termination or change in the function of corporate officer" of this *Document de Référence*.

On February 11, 2013, the Supervisory Board finally:

– decided and established that the performance criteria attached to the indemnity due to Michel Favre in connection with the termination of his functions as a member of the Management Board decided by the Supervisory Board of October 30, 2012, had been fully reached, *i.e.*:
  - a level of EBITDA, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to at least 60% of the budgeted EBITDA for such financial year;
  - an average operating WCR, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to a maximum of 125% of budgeted performance for such financial year; and
  - a level of ROCE, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to at least 75% of the budgeted performance for such financial year;

– as a result, set the amount of the contractual severance indemnity due to Michel Favre at a gross amount of €1,045,000, *i.e.* a contractual severance indemnity equal to 18 months of the reference monthly compensation, including the contractual indemnity due to him by reason of his seniority;

– approved the decision not to enforce the non-competition clause set forth in Michel Favre's employment contract, as described in Section 7.3.2 "Compensation, indemmities or benefits due or that may become due as a result of the assumption, termination or change in the function of corporate officer" of this *Document de Référence*; and

– approved the decision to set the expiry date of Michel Favre's notice period at July 31, 2013 at the latest.

Furthermore, in addition to the contractual indemnity described above, the Supervisory Board, on February 11, 2013, also took due notice of the payment to Michel Favre of an overall, fixed and final settlement indemnity in a gross amount of €382,670.

Compensation for the financial year ending December 31, 2013

Lastly, at its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allotment subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*. Michel Favre was effectively present as at December 31, 2012 and as such received in January 2013 an exceptional bonus in a gross amount of €232,500.

Compensation for the financial year ending December 31, 2012

During the financial year ended on December 31, 2012, Michel Favre received:

– gross fixed compensation, amounting to €465,000;

– a variable compensation paid in respect of the 2011 targets, amounting to €311,169; and

– benefits in kind in the amount of €5,523 for Rexel and €1,306 for Rexel Développement, consisting of: a company car, a gas card, as well as €14,168 in connection with joining an executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2012, Michel Favre received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €152,330.

Lastly, under the profit-sharing plan, Michel Favre received a gross amount of €667 in 2013, in respect of the financial year ended December 31, 2012.

Other benefits

In connection with his employment contract, Michel Favre also had the following benefits until July 31, 2013:

– supplemental health insurance *(mutuelle)*;

– welfare insurance *(contrat de prévoyance)*;

– a basic and supplementary pension;

– an additional defined-benefit retirement plan;

– a defined benefit plan, which takes into account his seniority;

– a health check-up; and

– professional fees of a tax and retirement advisor.

• Compensation and other benefits received by Jean-Dominique Perret

Having reached 65 years of age, Jean-Dominique Perret resigned from his functions as member of the Management Board effective November 29, 2012.

Compensation for the financial year ending December 31, 2013

At its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allotment subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Jean-Dominique Perret was effectively present as at December 31, 2012, and as such received an exceptional bonus in a gross amount of €144,000 in January 2013.

Compensation for the financial year ending December 31, 2012

In the course of the financial year ended on December 31, 2012, Jean-Dominique Perret received:

- In his capacity as member of the Management Board of Rexel:
  - fixed compensation in a gross amount of €186,680;
  - a variable compensation paid in respect of the 2011 targets, amounting to €114,236; and
- In his salaried capacity as Group Delegate for International Affairs:
  - fixed compensation in a gross amount of €113,320;
  - a variable compensation paid in respect of the 2011 targets, amounting to €69,335; and
  - benefits in kind in the amount of €7,680, consisting of: a company car and a gas card.

In addition, in the course of the year ended December 31, 2013, Jean-Dominique Perret received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €124,788.

Lastly, under the profit-sharing plan, Jean-Dominique Perret received a gross amount of €4,000 in 2013 in respect of the financial year ended December 31, 2012.

Other benefits

In connection with his employment contract, Jean-Dominique Perret receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a supplementary defined contribution retirement scheme;
- a defined benefit plan, which takes into account his seniority, as of January 1, 2009; and
- compensation for tax and retirement advisors' fees.

• Compensation and other benefits received by Jean-Charles Pauze

Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012, whereupon his employment contract with Rexel Développement, which had been suspended since March 1, 2007, was reinstated. In his new functions, Jean-Charles Pauze was responsible for certain missions in connection with external growth and for consolidating the client/supplier relationship. His employment contract terminated on December 31, 2012.

Compensation for the financial year ending December 31, 2012

During the financial year ended December 31, 2012, Jean-Charles Pauze received:

- gross annual fixed compensation, amounting to €819,400;
- a variable compensation paid in respect of the 2011 targets, amounting to €975,220;
- a hardship allowance for travel in France and abroad in a gross annual amount of €170,000; paid on a *prorata temporis* basis; and
- benefits in kind in the amount of €1,231 paid by Rexel and €6,155 paid by Rexel Développement, consisting of a company car and a gas card.

In the course of the year ended December 31, 2013, Jean-Charles Pauze received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €819,400.

Other benefits

Jean-Charles Pauze received in 2012 the following benefits in connection with his employment contract:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a supplementary defined contribution pension scheme;
- a defined benefit plan, which takes into account his length of service;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

• Summary of the compensation and benefits in kind of the members of the Management Board

A summary of the compensation and benefits in kind of the members of the Management Board for the years ended December 31, 2013 and December 31, 2012 is set forth in the tables below.

Table 1 – Summary of the compensation, options and shares allotted to each executive corporate officer

The table below sets forth a summary of all items of compensation owed by the Rexel Group companies to the members of the Management Board with respect to the financial years ended on December 31, 2013 and December 31, 2012:

	FINANCIAL YEAR ENDED ON DECEMBER 31,	
	2013	**2012**
Rudy Provoost		
Compensation due for the financial year (1)	€1,466,885	€1,388,997 (6)
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	€1,324,543.40	€1,314,108
Total	**€2,791,428.40**	**€2,703,105 (6)**
Pascal Martin		
Compensation due for the financial year (1)	€890,461	€688,962
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	€588,826	€666,343
Total	**€1,479,287**	**€1,355,305**
Catherine Guillouard		
Compensation due for the financial year (1)	€478,195	–
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	€588,826	–
Total	**€1,067,021**	**–**
Michel Favre (4)		
Compensation due for the financial year (1)	€1,660,170	€638,327
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	–	€594,066
Total	**€1,660,170**	**€1,232,393**
Jean-Dominique Perret (5)		
Compensation due for the financial year (1)	€144,000	€432,468
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	–	€594,066
Total	**€144,000**	**€1,026,534**
Jean-Charles Pauze (7)		
Compensation due for the financial year (1)	–	€1,665,749
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	–	–
Total	**–**	**€1,665,749**

(1) See paragraph 7.3.1.1 “Members of the Management Board” of this *Document de Référence*.
(2) On the grant date, see paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.
(3) On the grant date, see paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.
(4) Michel Favre ceased to be a member of the Management Board on October 30, 2012. Michel Favre left Rexel on July 31, 2013.
(5) Having reached 65 years of age, Jean-Dominique Perret resigned from office on November 29, 2012. Jean-Dominque Perret left Rexel on December 31, 2013.
(6) There is a €1,529 difference between this amount and the amount indicated in the 2012 *Document de Référence* of Rexel which is due to a modification in the amount of the benefits in kind (company car and gas card) allocated to Rudy Provoost in 2012 which amount to €4,589 instead of €3,060.
(7) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012 and his employment contract with Rexel Développement ended on December 31, 2012.

Table 2 – Summary table of the compensation of each executive corporate officer

The following table sets forth the compensation of the members of the Management Board for the financial years ended December 31, 2013 and December 31, 2012:

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2013		**2012**	
	DUE	PAID	DUE	PAID
Rudy Provoost				
Fixed compensation	€850,000	€850,000	€800,000	€800,000
Variable compensation	€458,129 (3)	€516,860 (2)	€516,860 (2)	€216,670 (1)
Housing allowance	€60,000	€60,000	€60,000	€60,000
Attendance fees	€73,350 (4)	€73,350 (4)	–	–
Benefits in kind	€25,406	€25,406	€12,137 (8)	€12,137 (8)
Total	**€1,466,885**	**€1,525,616**	**€1,388,997 (8)**	**€1,088,807 (8)**
Pascal Martin				
Fixed compensation	€474,300	€474,300	€465,000	€465,000
Variable compensation	€164,304 (3)	€200,472 (2)	€200,472 (2)	€313,739 (1)
Exceptional compensation	€226,500	€226,500	–	–
Attendance fees	–	–	–	–
Benefits in kind	€25,357	€25,357	€23,490	€23,490
Total	**€890,461**	**€926,629**	**€688,962**	**€802,229**
Catherine Guillouard				
Fixed compensation	€281,591	€281,591	–	–
Variable compensation	€129,320 (3)	–	–	–
Exceptional compensation	€58,088	€58,088	–	–
Attendance fees	–	–	–	–
Benefits in kind	€9,196	€9,196	–	–
Total	**€478,195**	**€348,875**	**–**	**–**
Michel Favre (5)				
Fixed compensation	–	–	€465,000	€465,000
Variable compensation	–	–	€152,330 (2)	€311,169 (1)
Severance payments	€1,427,670	€1,427,670	–	–
Exceptional compensation	€232,500	€232,500	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	€20,997	€20,997
Total	**€1,660,170**	**€1,660,170**	**€638,327**	**€797,166**
Jean-Dominique Perret (6)				
Fixed compensation	–	–	€300,000	€300,000
Variable compensation	–	€124,788,euro (2)	€124,788 (2)	€183,571 (1)
Exceptional compensation	€144,000	€144,000	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	€7,680	€7,680
Total	**€144,000**	**€268,788**	**€432,468**	**€491,251**

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2013		2012	
	DUE	PAID	DUE	PAID
Jean-Charles Pauze (7)				
Fixed compensation	–	–	€819,400	€819,400
Variable compensation	–	€819,400 (2)	€819,400 (2)	€975,220 (1)
Hardship allowance	–	–	€19,563	€19,563
Attendance fees	–	–	–	–
Benefits in kind	–	–	€7,386	€7,386
Total	**–**	**€819,400**	**€1,665,749**	**€1,821,569**

(1) Variable compensation due for the financial year ended December 31, 2011 and paid during the financial year ended December 31, 2012.
(2) Variable compensation due for the financial year ended December 31, 2012 and paid during the financial year ending December 31, 2013.
(3) Variable compensation due for the financial year ended December 31, 2013 and paid during the financial year ending December 31, 2014
(4) Attendance fees due for the financial year ended December 31, 2012 and paid during the financial year ended December 31, 2013.
(5) Michel Favre ceased to be a member of the Management Board on October 30, 2012. Michel Favre left Rexel on July 31, 2013.
(6) Having reached 65 years of age, Jean-Dominique Perret resigned from office on November 29, 2012. Jean-Dominque Perret left Rexel on December 31, 2013.
(7) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012 and his employment contract with Rexel Développement ended on December 31, 2012.
(8) There is a €1,529 difference between this amount and the amount indicated in the 2012 *Document de Référence* of Rexel which is due to a modification in the amount of the benefits in kind (company car and gas card) allocated to Rudy Provoost in 2012 which amount to €4,589 instead of €3,060.

Table 3 – Table on attendance fees and other compensation received by the non-executive corporate managers

See paragraph 7.3.1.2 "Members of the Supervisory Board" of this *Document de Référence*.

Table 4 – Share subscription or purchase options allotted by Rexel and other Rexel Group companies to each executive corporate officer during the financial year

The summary tables in relation to share purchase or subscription plans and to the options allotted are set forth in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Rexel's stock market ethics charter includes an undertaking by the corporate officers not to use hedging options in respect of their options, shares arising from the exercise of options or performance shares.

Table 5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year

The summary tables in relation to options exercised are set forth in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Table 6 – Performance shares allotted to each executive corporate officer by the issuer or any group company

The summary tables in relation to free share allotments are set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Rexel's stock market ethics charter includes an undertaking by the corporate officers not to use hedging options in respect of their options, shares arising from the exercise of options or performance shares.

Table 7– Newly available performance shares during the financial year for each executive corporate officer

The summary tables in relation to vested shares are set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Table 8 – Historical information on the subscription or purchase option allotments

The share subscription or purchase option plans are described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Table 9 – Records of performance share allotments

The summary tables in relation to free share allotment plans and free share allotments are set forth in paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.

Table 10 –Summary table of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses is set forth in the table below:

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC PENSION PLAN	SEVERANCE INDEMNITIES	NON-COMPETE CLAUSE
Rudy Provoost Chairman of the Management Board From October 1, 2011 until the shareholders’ meeting deciding on the accounts for the financial year ending December 31, 2014	No	No (at its meeting of March 6, 2013, the Supervisory Board, on the recommendation of the Compensation Committee, cancelled the benefit provided by the defined benefit pension plan (article 39) granted to Rudy Provoost)	Yes (see paragraph 7.3.2 “Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers” of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Pascal Martin Member of the Management Board From May 19, 2011 until the shareholders’ meeting deciding on the accounts for the financial year ending December 31, 2014	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 7.3.4 “Pension, retirement or similar benefits” of this *Document de Référence*)	Yes (see paragraph 7.3.2 “Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers” of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Catherine Guillouard Member of the Management Board From May 1, 2013 until the shareholders’ meeting deciding on the accounts for the financial year ending on December 31, 2014	Yes Employment contract suspended since April 30, 2013	Yes (see paragraph 7.3.4 “Pension, retirement or similar benefits” of this *Document de Référence*)	Yes (see paragraph 7.3.2 “Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers” of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month

7.3.1.2 Members of the Supervisory Board

The Company’s shareholders’ meeting may grant attendance fees to the members of the Supervisory Board.

The Board of Directors:

– distributes the attendance fees among its members, as it deems fit;

– sets the compensation of the Chairman and of the Vice-Chairman of the Supervisory Board; such compensation may be both fixed and proportional;

– may grant exceptional compensation for missions or tasks assigned to the members of the Supervisory Board; and

– may authorize the reimbursement of travel costs and of expenses incurred by its members in the interest of the Company.

On May 16, 2012, Rexel’s shareholders’ meeting granted the Supervisory Board an aggregate amount of €500,000 in attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board decided, within the scope of the allocated global amount, to allocate compensation to the members of the Supervisory Board in the gross amount including (i) a fixed portion in the amount of €30,000 and (ii) a variable portion of up to €30,000 that may be allocated to each member to the extent of its attendance to the meetings of the Supervisory Board and the Committees. Moreover, a gross compensation of €10,000 is allocated for each position as Chairman of the Appointment, Compensation and Strategic Committees and a gross compensation of €20,000 is allocated for the position of Chairman of the Audit Committee.

Following the recommendations of the Compensation Committee, the Supervisory Board decided to fix the compensation of the members of the Supervisory Board as follows:

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2013		2012	
MEMBER	COMPENSATION	TOTAL	COMPENSATION	TOTAL
Roberto Quarta		€24,900	–	–
As committee Chairman	€4,000			
As member of the Supervisory Board				
Fixed portion	€12,000			
Variable portion	€8,900			
Patrick Sayer		€22,400	–	–
As committee Chairman	€4,000			
As member of the Supervisory Board				
Fixed portion	€12,000			
Variable portion	€6,400			
Vivianne Akriche		€17,000	–	–
As member of the Supervisory Board				
Fixed portion	€12,000			
Variable portion	€5,000			
François David		€58,200		€52,200
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€28,200		€22,200	
Thomas Farrell		€60,000		€60,000
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€30,000	
Eurazeo (represented by Marc Frappier)		€6,900	–	–
As member of the Supervisory Board				
Fixed portion	€6,900			
Variable portion	–			
Fritz Fröhlich		€80,000		€76,100
As committee Chairman	€20,000		€20,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€26,100	

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2013		2012	
MEMBER	COMPENSATION	TOTAL	COMPENSATION	TOTAL
Françoise Gri		€9,900		€66,700
As committee Chairman	€1,200		€10,000	
As independent member				
Fixed portion	€3,400		€30,000	
Variable portion	€5,300		€26,700	
François Henrot		€9,400	–	–
As independent member				
Fixed portion	€5,100			
Variable portion	€4,300			
Manfred Kindle		€6,900	–	–
As member of the Supervisory Board				
Fixed portion	€6,900			
Variable portion	–			
Angel L. Morales		€20,900	–	–
As member of the Supervisory Board				
Fixed portion	€10,900			
Variable portion	€10,000			
David Novak		€24,600	–	–
As committee Chairman	€4,000			
As member of the Supervisory Board				
Fixed portion	€12,000			
Variable portion	€8,600			
Monika Ribar		€11,800	–	–
As independent member				
Fixed portion	€5,100			
Variable portion	€6,700			
Akshay Singh		€15,700	–	–
As member of the Supervisory Board				
Fixed portion	€9,300			
Variable portion	€6,400			
Hendrica Verhagen	–	–	–	–
As independent member				
Fixed portion				
Variable portion				
Pier-Luigi Sigismondi		€29,000	–	–
As observer *(censeur)*				
Fixed portion	€18,400			
Variable portion	€16,300			
Total		**€397,600**		**€255,000**

7.3.2 Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers

• Members of the Management Board

In the event of termination of his corporate office, Rudy Provoost shall benefit from a severance indemnity, subject to certain performance criteria decided upon by the Supervisory Board meeting of October 6, 2011 and which were approved by the Shareholders' Meeting of May 16, 2012.

The employment agreement of Pascal Martin provides for a severance indemnity, which is subject to a number of conditions including performance criteria decided upon by the Supervisory Board meeting of May 19, 2011 and which was approved by the Shareholders' Meeting of May 16, 2012.

The employment agreement of Catherine Guillouard provides for a severance indemnity, which is subject to a number of conditions including performance criteria decided upon by the Supervisory Board meeting of April 30, 2013, subject to the approval of the Shareholders' Meeting.

Severance indemnity of Rudy Provoost

Rudy Provoost does not have an employment contract with any of the Rexel Group companies.

In the event that his corporate functions are terminated, Rudy Provoost shall, in accordance with the decision of the Supervisory Board of October 6, 2011, benefit from a gross contractual severance payment equal to 24 months of a monthly reference compensation. Monthly reference compensation is understood as the amount of the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

This gross severance indemnity is deemed to include the compensating indemnity for honoring the non-compete clause, if any. It shall not apply in the event of termination for gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or retirement leave or compulsory retirement leave.

In addition, regardless of the cause of departure from Rexel, a non-competition clause is stipulated. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the corporate mandate. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Pascal Martin

Pascal Martin's employment contract with Rexel Développement was suspended on January 1, 2008.

In the event that his corporate duties within Rexel should end, Pascal Martin's employment agreement with Rexel Développement would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract at the option of the employer is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Catherine Guillouard

Catherine Guillouard's employment contract with Rexel Développement has been suspended since April 30, 2013.

In the event of termination of her corporate office within Rexel, Catherine Guillouard's employment contract with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefitted in her capacity as a corporate officer.

The employment agreement of Catherine Guillouard provides, as from April 30, 2013 in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract at the option of the employer is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in her capacity as officer or as employee of the company, whichever the highest.

In addition, a non-competition clause is stipulated in Catherine Guillouard's suspended employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

• Performance conditions to which the severance indemnities are subject

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, Rudy Provoost's severance indemnities (other than the competition clause compensatory indemnity) and the contractual indemnities for termination of the employment contracts of Pascal Martin and Catherine Guillouard (subject to the approval of the Shareholders' Meeting), other than the non-competition indemnity, as the case may be, are subject to performance criteria.

Until the decision of the Supervisory Board of February 12, 2014, performance criteria were as follows:

- the payment of 50% of the indemnity would be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment would be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a maximum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the indemnity would be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment would be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial

conditions of the market deteriorate, this level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

On February 12, 2014, the Supervisory Board amended the performance criteria and retained the following performance criteria:

- the payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 40% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

7.3.3 Other benefits

During the financial period ended December 31, 2013, Rexel did not grant any loans, advances or guarantees to any of its corporate officers.

7.3.4 Pension, retirement or similar benefits

A supplementary defined-benefit pension plan is in force within Rexel Développement and Rexel, as of July 1, 2009.

Further to the law on pensions system reform enacted on November 10, 2010 and after approval of Rexel's Compensation Committee, the supplementary defined-benefit pension plan in force within Rexel Développement and Rexel since July 1, 2009 and the former supplementary defined benefit retirement scheme closed on June 30, 2009 were submitted to a number of amendments effective as of January 1, 2011, in particular:

- possible settlement of the additional pension only as of the minimum settlement age of the general pension system (compared to a fixed age of 60 previously);
- possibility for beneficiaries having reached the minimum settlement age of the general pension system, but not having reached the full rate under the general pension system, of settling their additional pension at a reduced rate, with the application of a penalty for missing quarters;
- setting-up of a minimum length of service of 4 years with Rexel at the time of settlement of the additional pension in order to benefit from this pension system.

During the fiscal year 2013, certain amendments have been made with effect as from January 1, 2014, including the major following amendments:

- Ability to maintain the additional pension when the pension under the Social Security base regime is settled, provided that the beneficiary does not exercise afterwards any other professional activity, in the following cases:
  - Dismissal after the age of 55 (except for gross negligence);
  - Invalidity corresponding to the 2nd or 3rd class under the Social Security regime;
  - Participation in an early retirement regime.

Since January 1, 2014, are eligible for this supplementary pension scheme, officers with the status of employee and/or corporate officer whose status and activity are defined in Article L.3111-2 of the French Labor Code and whom Global Grade is 21 or above under the Global Grading system defined for Rexel by Towers Watson.

At January 1, 2014, 6 managing directors including two corporate officers met these eligibility criteria. At its meeting of March 6, 2013, the Supervisory Board, on the recommendation of the Compensation Committee, cancelled the benefit provided under the defined benefit pension plan (article 39) granted to Rudy Provoost.

The additional pension under this plan is equal to product of the reference compensation, the years of seniority and a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation.

The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

- Salary and/or compensation as a corporate officer,
- Exclusively contractual annual bonuses classified as “annual variable compensation” not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account at up to 80% of the fixed base salary.

The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind.

The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling.

A certain number of limits have been put in place on the amount of the benefit:

- the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation;
- the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation;
- the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation.

The total provision booked by Rexel for all employees covered by this additional defined-benefit retirement plan corresponded to a commitment of €9 million as of December 31, 2013 reduced by the value of a hedge asset established with an insurance company. As of December 31, 2013, the value of this hedge asset was estimated at €2 million.

The current maximum percentage allowable under the additional retirement plan for the current beneficiaries of the plan stands is comprised between 10% and 20% of the reference income.

On the date of this *Document de Référence*, Rexel complies with all recommendations issued by the AFEP and the MEDEF, as updated in June 2013:

AFEP-MEDEF RECOMMENDATIONS	
Eligibility criteria	Compliant
Number of corporate officers compared to the total number of beneficiaries	Compliant
Seniority criteria	Compliant
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant
Information on potential rights	Compliant

7.3.5 Consultation on the corporate officers' individual compensation

In accordance with paragraph 24.3 of the AFEP-MEDEF Code, the table below shows the compensation of each of the corporate officers for the financial year ended on December 31, 2013 submitted to a shareholder consultation at the Shareholders' Meeting:

Rudy Provoost

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€850,000	Gross fixed annual compensation in respect of the financial year ended on December 31, 2013, determined by the Supervisory Board of March 6, 2013 on the recommendation of the Compensation Committee. The gross fixed annual compensation in respect of the financial year ended on December 31, 2012 stood at €800,000, *i.e.* an increase of 6.25%. See paragraph 7.3.1.1 of this *Document de Référence*.
Variable annual compensation	€458,129	Gross variable annual compensation in respect of the financial year ended on December 31, 2013 determined by the Supervisory Board of February 12, 2014 on the proposal of the Compensation Committee. Variable compensation was based for 75% on financial criteria and for 25% on individual criteria. In percentage, financial performance stood at 43.53% and individual performance stood at 85%. This amount thus corresponds to 53.90% of the target bonus. See paragraph 7.3.1.1 of this *Document de Référence*.
Deferred variable compensation	Not applicable	Rudy Provoost does not benefit from any deferred variable compensation.
Multiannual variable compensation	Not applicable	Rudy Provoost does not benefit from any multiannual variable compensation.
Exceptional compensation	€60,000	Rudy Provoost benefits from a housing allowance in a total gross annual amount of €60,000.
Share subscription or purchase options	Not applicable	No share subscription or purchase options have been allocated to Rudy Provoost during the financial year ended on December 31, 2013.
Free share allotments	€1,324,543.40	In accordance with the authorizations granted by Rexel's Shareholders' Meeting of May 16, 2012 (resolution no. 31) and Supervisory Board of April 30, 2013, the Management Board, at its meeting of April 30, 2013, decide to freely allocate Rexel shares under four plans. Accordingly, 96,682 shares were freely allocated to Rudy Provoost under the "Key Managers 2+2" plan. This number of shares is the maximum number of shares that may be vested if the performance criteria are outperformed and corresponds to a maximum vesting percentage of 140%. Such shares represented 0.034% of the share capital and voting rights of Rexel as at December 31, 2013. The final vesting of the shares freely allocated to Rudy Provoost is subject to a two-year presence condition and to the achievement of performance criteria which apply to 100% of the allocation. The performance criteria and their respective weight are as follows: – Variation of the Ajusted EBITA margin between 2012 and 2014 (15%); – Average of the free cash flow before interest and tax / EBITDA ratio for 2013 and 2014 (5%); – Ajusted EBITA level for 2013 (45%); – Evolution of the TSR of Rexel compared to a panel of enterprises (20%). See paragraph 8.1.2 of this *Document de Référence*.

Rudy Provoost		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Other long term compensation items	Not applicable	Rudy Provoost does not benefit from any other long term compensation items.
Directors' fees	€73,350	In respect of his corporate offices within Rexel UK Ltd, British subsidiary, and Rexel Holdings USA Corp., US subsidiary, Rudy Provoost received directors' fees in an amount of €73,350, paid in 2013 in respect of the financial year ended on December 31, 2012.
Valuation of benefits in kind	€25,406	Rudy Provoost benefits from benefits in kind in an amount of €9,180, comprising a company car, a gas card, and €16,226 for executive director's unemployment coverage (GSC). See paragraph 7.3.1.1 of this *Document de Référence*.
Severance indemnities	No payment	In the event of termination of his corporate office, Rudy Provoost shall receive a gross severance indemnity in an amount equal to 24 months of reference monthly compensation. Reference monthly compensation is defined as gross fixed annual compensation increased by the average gross amount of the last two variable bonuses received, except for any exceptional bonuses, divided by 12 months. This contractual severance indemnity includes the non-competition indemnity, as the case may be. The severance indemnity does not apply in the event of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or retirement leave or compulsory retirement leave. This severance indemnity (excluding the non-competition indemnity) is subject to the following performance conditions: – the payment of 50% of the indemnity depends on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group; – the payment of 35% of the indemnity depends on the level of average operating WCR (average trade operating working capital) of the Rexel Group; and – the payment of 15% of the indemnity depends on the level of ROCE (return on capital employed) of the Rexel Group. The payment of these indemnities requires a prior decision of the Supervisory Board acknowledging the fulfillment of these conditions. This severance indemnity has been authorized by a decision of the Supervisory Board of October 6, 2011 and by a decision of the Shareholders' Meeting of May 16, 2012 (resolution no. 11). See paragraph 7.3.2 of this *Document de Référence*.
Non-competition indemnity	No payment	Regardless of the cause of his departure from Rexel, Rudy Provoost may be subject to a non-competition clause. This non-competition undertaking is limited to a period of 12 months as from the date of actual termination of his corporate office. In consideration for such non-competition undertaking, the monthly non-competition indemnity is equal to one twelfth of his gross fixed annual compensation. This non-competition indemnity has been authorized by a decision of the Supervisory Board of October 6, 2011 and by a decision of the Shareholders' Meeting of May 16, 2012 (resolution no. 11). See paragraph 7.3.2 of this *Document de Référence*.
Additional retirement plan	Not applicable	In accordance with the request of Rudy Provoost, the Supervisory Board of March 6, 2013 decided to withdraw the advantage resulting from the benefit of the defined-benefits retirement plan (article 39).

Pascal Martin		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Fixed compensation	€474,300	Gross fixed annual compensation in respect of the financial year ended on December 31, 2013 determined by the Supervisory Board of February 11, 2013 on the recommendation of the Compensation Committee. The gross fixed annual compensation in respect of the financial year ended on December 31, 2012 stood at €465,000, *i.e.* an increase of 2%. See paragraph 7.3.1.1 of this *Document de Référence*.
Variable annual compensation	€164,304	Gross variable annual compensation in respect of the financial year ended on December 31, 2013 determined by the Supervisory Board of February 12, 2014 on the proposal of the Compensation Committee. Variable compensation was based for 65% on financial criteria and for 35% on individual criteria. In percentage, financial performance stood at 43.53% and individual performance stood at 71.43%. This amount thus corresponds to 53.29 % of the target bonus. See paragraph 7.3.1.1 of this *Document de Référence*.
Deferred variable compensation	Not applicable	Pascal Martin does not benefit from any deferred variable compensation.
Multiannual variable compensation	Not applicable	Pascal Martin does not benefit from any multiannual variable compensation.
Exceptional compensation	€226,500	At its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and on the other hand, an exceptional free share allotment subject to a performance condition. Pascal Martin was effectively present as at December 31, 2012 and as such received in January 2013 an exceptional bonus in a gross amount of €226,500. See paragraph 7.3.1.1 of this Document de Référence.
Share subscription or purchase options	Not applicable	No share subscription or purchase options have been allocated to Pascal Martin during the financial year ended on December 31, 2013.
Free share allotments	€588,826	In accordance with the authorizations granted by Rexel's Shareholders' Meeting of May 16, 2012 (resolution no. 31) and Supervisory Board of April 30, 2013, the Management Board, at its meeting of April 30, 2013, decided to freely allocate Rexel shares under four plans. Accordingly, 42,980 shares were freely allocated to Pascal Martin under the "Key Managers 2+2" plan. This number of shares is the maximum number of shares that may be vested if the performance criteria are outperformed and corresponds to a maximum vesting percentage of 140%. Such shares represented 0.015% of the share capital and voting rights of Rexel as at December 31, 2013. The final vesting of the shares freely allocated to Pascal Martin is subject to a two-year presence condition and to the achievement of performance criteria which apply to 100% of the allocation. The performance criteria and their respective weight are as follows: – Variation of the Ajusted EBITA margin between 2012 and 2014 (15%); – Average of the free cash flow before interest and tax/EBITDA ratio for 2013 and 2014 (5%); – Ajusted EBITA level for 2013 (45%); – Evolution of the TSR of Rexel compared to a panel of enterprises (20%). See paragraph 8.1.2 of this *Document de Référence*.

Pascal Martin		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Other long term compensation items	Not applicable	Pascal Martin does not benefit from any other long term compensation items.
Directors' fees	Not applicable	Pascal Martin does not benefit from any directors' fees.
Valuation of benefits in kind	€25,357	Pascal Martin benefits from benefits in kind in an amount of €9,131, comprising a company car, a gas card and €16,226 for executive director's unemployment coverage (GSC). See paragraph 7.3.1.1 of this *Document de Référence*.
Severance indemnities	No payment	Pascal Martin's employment contract with Rexel Développement has been suspended since January 1, 2008. In the event that his corporate duties within Rexel should end, Pascal Martin's employment agreement with Rexel Développement would be reinstated subject to compensation conditions equivalent to those from which he benefits as a corporate officer. The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation. Reference monthly compensation is defined as gross fixed annual compensation increased by the average gross amount of the last two variable bonuses received, except for any exceptional bonuses, divided by 12 months. Reference monthly compensation includes any compensation received in connection with the exercise of corporate duties during such period. This gross contractual indemnity is deemed to include the severance indemnity provided by law or pursuant to the collective bargaining agreement and, as the case may be, the non-competition indemnity. The contractual severance indemnity does not apply in the event of departure or compulsory retirement leave. In such cases, only the statutory indemnity provided under the collective bargaining agreements is due, as well as the non-competition indemnity, as the case may be. In the event of termination of the contractual relationship, the notice period is 8 months. The indemnity in lieu of notice period amounts to 8 months of the last compensation amount received as a corporate officer or employee, whichever is higher. This severance indemnity (excluding the non-competition indemnity) is subject to the following performance conditions: – the payment of 50% of the indemnity depends on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group; – the payment of 35% of the indemnity depends on the level of average operating WCR (average trade operating working capital) of the Rexel Group; and – the payment of 15% of the indemnity depends on the level of ROCE (return on capital employed) of the Rexel Group. The payment of these indemnities requires a prior decision of the Supervisory Board acknowledging the fulfillment of these conditions. This severance indemnity has been authorized by a decision of the Supervisory Board of May 19, 2011 and by a decision of the Shareholders' Meeting of May 16, 2012 (resolution no. 9). See paragraph 7.3.2 of this *Document de Référence*.

Pascal Martin

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Non-competition indemnity	No payment	Pascal Martin's currently suspended employment contract contains a non-competition clause. This non-competition undertaking is limited to a period of 12 months as from the date of actual termination of his employment contract. In consideration for such non-competition undertaking, the monthly non-competition indemnity is equal to one twelfth of his gross fixed annual compensation. See paragraph 7.3.2 of this *Document de Référence*.
Additional retirement plan	No payment	Pascal Martin benefits from the defined-benefits retirement plan in force within Rexel Développement and Rexel since July 1, 2009. The additional pension under this plan is equal to product of the reference compensation, the years of seniority and a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation. The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility. This compensation includes: – Salary and/or compensation as a corporate officer, – Exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account for an amount of up to 80% of the fixed base salary. The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind. The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling. A certain number of limits have been put in place on the amount of the benefit: – the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation; – the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation; – the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation. This additional retirement plan was authorized by decisions of the Supervisory Board of March 30, 2009, March 16, 2010, February 8, 2011 and October 30, 2013 and by decisions of the Shareholders' Meeting of May 20, 2010 (resolution no. 5), of May 19, 2011 (resolution no. 9) and of May 16, 2012 (resolution no. 5). A change to the plan is submitted to the Shareholders' Meeting for approval. In addition, he benefits from the defined benefits retirement plan put in place May 31, 2005 within Rexel Développement and closed on June 30, 2009. On the basis of the information available at the date hereof, Pascal Martin's annual pension under these two additional retirement plans should not in total exceed 20% of the reference compensation. See paragraph 7.3.4 of this *Document de Référence*.

Catherine Guillouard		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Fixed compensation	€281,591	Gross fixed annual compensation in respect of the financial year ended on December 31, 2013 determined by the Supervisory Board of April 30, 2013 on the recommendation of the Compensation Committee. Catherine Guillouard did not exercise any duties within the Rexel Group in 2012. See paragraph 7.3.1.1 of this *Document de Référence*.
Variable annual compensation	€129,320	Gross variable annual compensation in respect of the financial year ended on December 31, 2013 determined by the Supervisory Board of February 12, 2014 on the proposal of the Compensation Committee. This amount corresponds to 70% of the target bonus, which amount was guaranteed for the period from April 29, 2013 to December 31, 2013. See paragraph 7.3.1.1 of this *Document de Référence*.
Deferred variable compensation	Not applicable	Catherine Guillouard does not benefit from any deferred variable compensation.
Multiannual variable compensation	Not applicable	Catherine Guillouard does not benefit from any multiannual variable compensation.
Exceptional compensation	Not applicable	Catherine Guillouard does not benefit from any exceptional compensation.
Share subscription or purchase options	Not applicable	No share subscription or purchase options were allocated to Catherine Guillouard during the financial year ended on December 31, 2013.
Free share allotments	€588,826	In accordance with the authorizations granted by Rexel's Shareholders' Meeting of May 16, 2012 (resolution no. 31) and Supervisory Board of April 30, 2013, the Management Board, at its meeting of April 30, 2013, decided to freely allocate Rexel shares under four plans. Accordingly, 42,980 shares were freely allocated to Catherine Guillouard under the "Key Managers 2+2" plan. This number of shares is the maximum number of shares that may be vested if the performance criteria are outperformed and corresponds to a maximum vesting percentage of 140%. Such shares represented 0.015% of the share capital and voting rights of Rexel as at December 31, 2013. The final vesting of the shares freely allocated to Catherine Guillouard is subject to a two-year presence condition and to the achievement of performance criteria which apply to 100% of the allocation. The performance criteria and their respective weight are as follows: – Variation of the Adjusted EBITA margin between 2012 and 2014 (15%); – Average of the free cash flow before interest and tax / EBITDA ratio for 2013 and 2014 (5%); – Adjusted EBITA level for 2013 (45%); – Evolution of the TSR of Rexel compared to a panel of enterprises (20%). See paragraph 8.1.2 of this *Document de Référence*.
Other long term compensation items	Not applicable	Catherine Guillouard does not benefit from any other long term compensation items.
Directors' fees	Not applicable	Catherine Guillouard does not benefit from any directors' fees.
Valuation of benefits in kind	€9,196	Catherine Guillouard benefits from benefits in kind in an amount of €4,319, comprising a company car, a gas card and €4,877, for executive director's unemployment coverage (GSC). See paragraph 7.3.1.1 of this *Document de Référence*.
Welcome indemnity	€58,088	To the exent Catherine Guillouard, in deciding to join the Rexel Group, exposed herself to a potential forfeiture of the variable portion to which she is entitled from her formal employer in respect of the year 2013, a decision was made to grant her compensation for 100% of such forfeiture, if any. The gross amount of this indemnity was €58,088.

Catherine Guillouard		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Severance indemnities	No payment	Catherine Guillouard's employment contract with Rexel Développement has been suspended since April 30, 2013. In the event that her corporate duties within Rexel should end, Catherine Guillouard's employment agreement with Rexel Développement would be reinstated subject to compensation conditions equivalent to those from which she benefits as a corporate officer. The employment agreement of Catherine Guillouard provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her monthly reference compensation. Reference monthly compensation is defined as gross fixed annual compensation increased by the average gross amount of the last two variable bonuses received, except for any exceptional bonuses, divided by 12 months. Reference monthly compensation includes any compensation received in respect of the exercise of corporate duties during such period. This gross contractual indemnity is deemed to include the severance indemnity provided by law or pursuant to the collective bargaining agreement and, as the case may be, the non-competition indemnity. The contractual severance indemnity does not apply in the event of departure or compulsory retirement leave. In such cases, only the statutory indemnity provided under the collective bargaining agreements is due, as well as the non-competition indemnity, as the case may be. In the event of termination of the contractual relationship, the notice period is 8 months. The indemnity in lieu of notice period amounts to 8 months of the last compensation amount received as a corporate officer or employee, whichever is higher. This severance indemnity (exceluding the non-competition indemnity) is subject to the following performance conditions: – the payment of 50% of the indemnity depends on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group; – the payment of 35% of the indemnity depends on the level of average operating WCR (average trade operating working capital) of the Rexel Group; and – the payment of 15% of the indemnity depends on the level of ROCE (return on capital employed) of the Rexel Group. The payment of these indemnities requires a prior decision of the Supervisory Board acknowledging the fulfillment of these conditions. This severance indemnity has been authorized by a decision of the Supervisory Board of April 30, 2013 and is submitted to the Shareholders' Meeting for approval. See paragraph 7.3.2 of this *Document de Référence*.
Non-competition indemnity	No payment	Catherine Guillouard's currently suspended employment contract contains a non-competition clause. This non-competition undertaking is limited to a period of 12 months as from the date of actual termination of her employment contract. In consideration for such non-competition undertaking, the monthly non-competition indemnity is equal to one twelfth of her gross fixed annual compensation. See paragraph 7.3.2 of this *Document de Référence*.

Catherine Guillouard		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Additional retirement plan	No payment	Catherine Guillouard benefits from the defined-benefits retirement plan in force within Rexel Développement and Rexel since July 1, 2009. The additional pension under this plan is equal to product of the reference compensation, the years of seniority and a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation. The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility. This compensation includes: – Salary and/or compensation as a corporate officer, – Exclusively contractual annual bonuses classified as “annual variable compensation” not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account for an amount of up to 80% of the fixed base salary. The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind. The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling. A certain number of limits have been put in place on the amount of the benefit: – the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation; – the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation; – the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation. On the basis of the information available at the date hereof, Catherine Guillouard annual pension under this additional retirement plan should not exceed 20% of the reference compensation on the retirement date. This additional retirement plan was authorized by decisions of the Supervisory Board of March 30, 2009, March 16, 2010, February 8, 2011 and October 30, 2013 and by decisions of the Shareholders’ Meeting of May 20, 2010 (resolution no. 5), of May 19, 2011 (resolution no. 9) and of May 16, 2012 (resolution no. 5). A change to the plan is submitted to the Shareholders’ Meeting for approval. The benefit of this additional retirement plan was authorized by decisions of the Supervisory Board of April 30, 2103 and is submitted to the Shareholders’ Meeting for approval. See paragraph 7.3.4 of this *Document de Référence*.

7.4 Market ethics charter

On April 4, 2007, Rexel adopted a market ethics charter, which has been updated on February 8, 2012 and October 30, 2013, the objective of which is to specify the applicable regulations in respect of share transactions by permanent and/or occasional insiders and interested persons, including in particular corporate officers and employees of the Rexel Group who have constant or occasional access to inside information as well as outsiders to the Rexel Group who can, in the context of their role or position, have access to inside information in relation to Rexel or the Rexel Group.

The market ethics charter provides for the creation of the position of a market ethics manager within the Rexel Group. The market ethics manager oversees compliance with the market ethics charter, in particular by informing those persons concerned of the periods during which they must abstain from transactions involving Rexel's shares, informing the Management Board and the Supervisory Board of any finding of violations of the applicable regulations within the Rexel Group, or by establishing and updating a list, to be provided upon request to the AMF, of persons considered to be insiders, and informing such persons of their inclusion in such list.

The market ethics charter mentions the applicable obligations with respect to the holding, disclosure and use of inside information as well as the applicable sanctions in the event of a violation of such obligations. The market ethics charter thus specifies the confidentiality and abstention obligations or the obligation to hold shares in registered form that applies to permanent or occasional insiders and interested persons. The market ethics charter also lays out the definition of inside information as well as the applicable rules in the case of, for example, an offence and breach by an insider, or a market manipulation. It also provides for periods of abstention linked, in particular, to the publication of Rexel's financial accounts.

7.5 Related party transactions

7.5.1 Principal related party transactions

The material agreements that were entered into between Rexel and related parties, or the members of the Management Board of Rexel, the members of the Supervisory Board of Rexel, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of Articles L.225-86 *et seq.* of the French Commercial Code, and that were in force at December 31, 2013 are:

Agreements referred to in article L.225-86 of the French Commercial Code:

- An amendment to the defined benefit retirement plan effective as from July 1, 2009. This amendment aims at including certain modifications, in particular to take into account the provisions of the Fillon law. This amendment, entered into on November 27, 2013, was authorized by the Supervisory Board during its October 30, 2013 meeting;
- Amendments to the re-invoicing agreements entered into on March 14 and March 15, 2012 and on November 23 and November 27, 2012 between Rexel and Rexel Développement SAS and Rexel France. These agreements have been entered into in connection with the implementation of the 2011 share buy back programme, which has been authorized by the Shareholders' Meeting of May 19, 2011 and the 2012 share buy back programme, which has been authorized by the Shareholders' Meeting of May 16, 2012. These agreements aim at re-invoicing Rexel Développement SAS and Rexel France for the costs incurred by Rexel in connection with the repurchase of shares to be delivered as existing shares to the employees of these two entities who benefit from the free shares plans that have implemented by the Management Board. The first amendment entered into on December 19, 2013 between Rexel and Rexel Développement SAS and between Rexel and Rexel France aims at extending the terms and conditions of the agreements to the free shares plans put in place in 2013 by the Management Board. The entry into of these amendments was authorized by the Supervisory Board during its November 28, 2013 meeting;
- The complementary retirement undertakings taken by Rexel to the benefit of Catherine Guillouard under the supplementary defined benefit retirement plan effective

as from July 1, 2009, it being specified that the terms and conditions of the supplementary defined benefit retirement plan (article 39) installed by the Company have already been authorized by the Supervisory Board of the Company on March 30, 2009. These undertakings have been authorized by the Supervisory Board during its April 30, 2013 meeting;

– Two re-invoicing agreements entered into on March 14 and March 15, 2012 between Rexel and Rexel Développement SAS and Rexel France. These agreements have been entered into in connection with the implementation of the 2011 share buy back programme, which has been authorized by the Shareholders' Meeting of May 19, 2011. These agreements aim at re-invoicing Rexel Développement SAS and Rexel France for the costs incurred by Rexel in connection with the repurchase of shares to be delivered as existing shares to the employees of these two entities who benefit from the free shares plans that have implemented by the Management Board on May 11, 2010, May 12, 2011 and October 11, 2011. These agreements were authorized by the Supervisory Board during its February 8, 2012 meeting;

– Two re-invoicing agreements entered into on November 23 and November 27, 2012 between Rexel and Rexel Développement SAS and Rexel France. These agreements have been entered into in connection with the implementation of the 2012 share buy back programme, which has been authorized by the Shareholders' Meeting of May 16, 2012. These agreements aim at re-invoicing Rexel Développement SAS and Rexel France for the costs incurred by Rexel in connection with the repurchase of shares to be delivered as existing shares to the employees of these two entities who benefit from the free shares plans that have implemented by the Management Board on May 12, 2011, October 11, 2011, May 2, 2012 and July 26, 2012. These agreements were authorized by the Supervisory Board during its October 30, 2012 meeting;

– An agreement entitled "Amendment to the Secondary Offering Cooperation Agreement" dated July 2, 2012 and amending the Secondary Offering Cooperation Agreement entered into on April 4, 2007, aiming at detailing the conditions under which the relevant parties should cooperate in case of sale of shares through an accelerated book-building provided that the proceeds of this transaction would amount to at least €75 million. This agreement was approved by the Shareholders' Meeting of May 22, 2013;

– An amendment to the defined benefit retirement plan effective within Rexel as from July 1, 2009, signed April 29, 2011. This amendment aims at harmonizing such plan with the legal modifications regarding the minimum age and the required age for the payment at full rate of the retirement rights of the base regime of the French Social Security. This amendment was authorized by the Supervisory Board during its February 8, 2011 meeting;

– An amendment to the defined benefit retirement plan effective as from July 1, 2009. This amendment aims at harmonizing such plan with certain provisions of the social security regulation. This amendment was authorized by the Supervisory Board during its March 16, 2010 meeting;

– The Cooperation Agreement entered into on April 4, 2007. This agreement was authorized by the Supervisory Board during its April 4, 2007 meeting;

– A defined-benefit pension plan agreement to become effective on July 1, 2009, authorized by the Supervisory Board during its March 30, 2009 meeting.

Agreements referred to in article L.225-90-1 of the French Commercial Code:

– The undertakings granted to Catherine Guillouard, member of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of her functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of April 30, 2013. The performance conditions have been modified by a decision of the Supervisory Board on February 12, 2014;

– The undertakings granted to Pascal Martin, member of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of May 19, 2011. The performance conditions have been modified by a decision of the Supervisory Board on February 12, 2014;

– The undertakings granted to Mr. Rudy Provoost, Chairman of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of October 6, 2011. The performance conditions have been modified by a decision of the Supervisory Board on February 12, 2014.

Ordinary agreements entered into by Rexel under ordinary terms:

– A long-term facility agreement between Elektro-Material AG and Rexel, entered into on July 1, 2013;

- A long-term facility agreement between Elektroskandia Norway Holding AS and Rexel, entered into on September 1, 2013;
- A long-term facility agreement between Rexel Sverige AB (previsously Svenska Elgrossist AB Selga) and Rexel, entered into on July 1, 2013;
- A long-term facility agreement between Rexel Développement SAS and Rexel;
- A long-term facility agreement between Hagemeyer Finance BV branch in Finland and Rexel, entered into on March 1, 2010;
- A long-term facility agreement between Rexel New Zealand Ltd (previsouly Redeal) and Rexel, entered into on March 1, 2010;
- A long-term facility agreement between Rexel Développement SAS and Rexel, entered into on March 1, 2010;
- A long-term facility agreement between Rexel Développement SAS and Rexel, entered into on March 1, 2010;
- A current Account Agreement entered into between Rexel Développement SAS, cash pooling entity of the Rexel Group, and Rexel, dated January 3, 2012 and amended on March 14, 2012;
- A tax integration agreement entered into on May 9 and May 24, 2012 between Rexel and each of the companies included in the tax integration perimeter of the Rexel Group since January 1, 2005 under the conditions and forms required under article 223 A *et seq.* of the French general tax Code;
- Renewal of the tax integration option pursuant to which Rexel has become solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 223 ter ZC of the French general tax Code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by Rexel and the subsidiaries held directly or indirectly at least at 95% of the share capital and having agreed thereto, pursuant to articles 223 A *et seq.* of the French general tax Code;
- A services agreement between Rexel Développement SAS and Rexel entered into on July 27, 2012;
- Re-invoicing agreements between Rexel and Dismo France, Espace Elec, Conectis, Francofa Eurodis, entered into in November 2012 and amended in December 2013, in connection with the implementation of the share buy back programmes.

7.5.2 Special reports of the Statutory Auditors in relation to related party agreements

7.5.2.1 Special report of the Statutory Auditors in relation to the related party agreements for 2013

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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Rexel
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75017 Paris

Statutory auditors' special report on related party agreements and commitments (Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2013)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-58 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-58 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

In accordance with article L.225-88 of the French Commercial Code *(Code de commerce)*, we were informed of the following agreements and commitments which received prior authorization from your Supervisory Board.

1. Rebilling agreements related to the 2011 share repurchase plan

Related parties

Mr Rudy Provoost, in his capacity as Chairman of the Management Board of your Company (in turn Chairman of Rexel Développement) and director of Rexel France.

Ms Catherine Guillouard, in her capacity as member of the Management Board of your Company and director of Rexel France.

Nature and purpose

On November 28, 2013, your Supervisory Board authorized an amendment to the two rebilling agreements entered into on March 14 and 15, 2012 and November 23 and 27, 2012 between your Company and Rexel Développement S.A.S. and Rexel France.

These agreements were entered into within the framework of the implementation of the 2011 share repurchase plan authorized by the Shareholders' Meeting on May 19, 2011, and the 2012 share repurchase plan authorized by the Shareholders' Meeting on May 16, 2012. The purpose of these agreements is to charge to Rexel Développement S.A.S. and Rexel France the cost of repurchasing the shares acquired by your Company for the purpose of delivering existing shares to the employees of these two companies designated as beneficiaries of the free share plans set up by the Management Board on May 12, 2011, October 11, 2011, May 2, 2012 and July 26, 2012. These agreements have been authorized by your Supervisory Board on February 8, 2012 and October 30, 2012.

The amendment entered into on December 19, 2013 between your Company and Rexel Développement S.A.S. and Rexel France. The purpose of this amendment is to extend the terms of these agreements to free share plans set up in 2013 by the Management Board on April 30, 2013 and July 25, 2013.

Conditions

No amounts were recharged in 2013 with respect to the free share plans set up on April 30, 2013 and July 25, 2013.

2. Amendment to supplementary defined-benefit pension plan

Related parties

Ms Catherine Guillouard, in her capacity as member of the Management Board of your Company.

Mr Pascal Martin, in his capacity as member of the Management Board of your Company.

Nature and purpose

On October 30, 2013, your Supervisory Board authorized an amendment to the supplementary defined-benefit pension plan set up since July 1, 2009 for the members of the Management Board. The purpose of this amendment is to update the terms of the plan by considering law changes, such as Fillon's law. This amendment has been signed on November 27, 2013.

Conditions

This agreement had no impact for the financial year ended December 31, 2013.

3. Supplementary defined-benefit pension plan in favor of one member of your Company's Management Board

Related parties

Ms Catherine Guillouard, in her capacity as member of the Management Board of your Company.

Nature and purpose

On April 30, 2013, the Supervisory Board authorized your Company to make supplementary defined-benefit pension commitments in favor of Ms Catherine Guillouard, under the supplementary defined-benefit pension plan effective as from July 1, 2009. The terms and conditions of the supplementary defined-benefit pension plan (article 39) implemented by your company have already been authorized in the past by the Supervisory Board of your company.

Conditions

As at December 31, 2013, the amount recorded on the balance sheet of your company with respect to the supplementary defined-benefit pension plan in favor of Ms Catherine Guillouard amounts to €0.1 million.

4. Commitments in favor of one member of your Company's Management Board in the event of termination of his duties

Related parties

Ms Catherine Guillouard, in her capacity as member of the Management Board of your Company.

Nature and purpose

On April 30, 2013, your Supervisory Board authorized the financial terms and conditions that would apply in the event of a termination of the duties of Ms Catherine Guillouard and the performance targets in relation to deferred items of compensation, in accordance with article L.225-90-1 of the French Commercial Code *(Code de commerce)*.

1. In the event of a termination in an employment agreement at the request of the employer following the end of its duties as a corporate officer, and except in the case of serious misconduct *(faute grave)* or willful misconduct *(faute lourde)*, Ms Catherine Guillouard would benefit from a contractual indemnity equal to 18 months of her monthly reference compensation in their capacities as corporate officer or as employee of the Company. The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received, with the exception of any exceptional bonuses, divided by 12 months. This gross indemnity includes the statutory severance indemnity *(indemnité de licenciement légale)* or the severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as, where applicable, the compensatory non-compete indemnity. It shall not apply in the event of a retirement leave or compulsory retirement leave. In such

cases, only the severance indemnity pursuant to the collective bargaining agreement will be due and, where applicable, the compensatory non-compete indemnity. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation. The notice period for breach of contract is eight months. The compensation in lieu of notice is equal to eight months of the last compensation paid, for the duties as corporate officer or employee of the Company, whichever is higher.

2. The severance packages which would be paid to Ms Catherine Guillouard, excluding the compensatory non-compete indemnity, would be subject to the following performance criteria:

   a) the payment of 50% of the severance package shall depend on the level of EBITDA (operating income before other income and expenses, plus depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

   b) the payment of 35% of the severance package shall depend on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (reference period), reaches a maximum of 125% of the performance budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

   c) the payment of 15% of the severance package shall depend on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (reference period), reaches a minimum of 75% of the performance budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation.

Conditions

These commitments had no impact on the financial statements of your Company for the financial year ended December 31, 2013. Please note that this contractual indemnity is now subject to new performance criteria authorized by your Supervisory Board, subsequent to the 2013 financial year closing date, on February 12, 2014 (refer below to agreements and commitments authorized after the financial year closing).

Agreements and commitments authorized after the financial year closing

We were informed of the following commitments authorized after the closing of the financial year, which received prior authorization from your Supervisory Board.

1. Commitments in favor of the members of your Company's Management Board in the event of termination of their duties

Related parties

Mr Rudy Provoost, in his capacity as Chairman of the Management Board of your Company.

Mr Pascal Martin, in his capacity as member of the Management Board of your Company.

Ms Catherine Guillouard, in her capacity as member of the Management Board of your Company.

Nature and purpose

On February 12, 2014, your Supervisory Board authorized new performance criteria associated to the termination indemnity which would be paid to Mr Rudy Provoost, Mr Pascal Martin and Ms Catherine Guillouard in accordance with article L.225-90-1 of the French Commercial Code *(Code de commerce)*.

In the event of the end of their duties as a corporate officer for Mr Rudy Provoost or a termination in an employment agreement at the request of the employer following the end of their duties as a corporate officer for Mr Pascal Martin and Ms Catherine Guillouard, the severance packages which would be paid to the Management Board members mentioned-above, excluding the compensatory non-compete indemnity, would be subject to the following new performance criteria:

a) the payment of 60% of the severance package shall depend on the level of EBITA of the Rexel Group. This payment will be 100% if the level of EBITA, calculated on the basis of the Company's audited consolidated financial statements for the last two financial periods preceding the date of termination of the corporate functions or employment contract (the reference periods), reaches a minimum of 60% of the amount budgeted for these periods. If, during the reference of one of the periods, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

b) the payment of 40% of the severance package shall depend on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's audited consolidated financial statements for the last two financial periods preceding the date of termination of the corporate functions or employment contract (reference periods), reaches a maximum of 125% of the performance budgeted for these two periods. If, during the reference periods, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

c) the payment of the severance package is subject to a decision from your Supervisory Board confirming that these performance criteria are met.

Conditions

Those commitments had no impact on the financial statements of your Company for the financial year ended December 31, 2013.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in prior years

a) Which remained in force during the year

In accordance with article R.225-57 of the French Commercial Code *(Code de Commerce)*, we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. 2009 Bond Issuance

Nature and purpose

On December 2, 2009 and December 10, 2009, your Supervisory Board authorized the 2009 Bond Issuance, in a nominal amount of €575 million, represented by unsecured senior high-yield notes which bear interest annually at 8.25% and are redeemable on December 15, 2016.

In the context of the 2009 Bond Issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

– The Purchase Agreement entered into on December 11, 2009, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand.

– The Indenture was entered into on December 21, 2009 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited.

– The Service Agreement entered into on December 21, 2009 between your Company, the Guarantors and CACEIS Bank Luxembourg.

The Purchase Agreement has been signed by the following banks: Calyon, the Royal Bank of Scotland plc, Merill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank.

The Purchase Agreement, the Indenture and the Service Agreement have been signed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement on July 26, 2011), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holdings USA Corp.), Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique BV and Finelec Développement S.A. are also parties to the Indenture.

Conditions

These contracts have been terminated following the early repayment of those bonds on April 17, 2013. Therefore, these contracts have no impacts on the financial statements of your Company as at December 31, 2013.

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2. 2010 Additional Bond Issuance

Nature and purpose

On January 8, 2010, the Supervisory Board authorized an additional bond issuance in a nominal amount of €75 million, represented by unsecured senior high-yield notes which bear interest annually at 8.25% and are redeemable on December 15, 2016.

In the context of the Additional Bond Issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

- The Purchase Agreement entered into on January 8, 2010, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand.
- The Supplemental Indenture was entered into on January 20, 2010 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited.
- The Amended and Restated Service Agreement was entered into on January 20, 2010 between your Company, the Guarantors, and CACEIS Bank Luxembourg.

The Purchase Agreement has been signed by the following banks: Calyon, the Royal Bank of Scotland plc, Merill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank.

The Purchase Agreement, the Supplemental Indenture and the Amended and Restated Service Agreement have been signed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement on July 26, 2011), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holdings USA Corp.), Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Supplemental Indenture.

Conditions

These contracts have been terminated following the early repayment of those bonds on April 17, 2013. Therefore, these contracts have no impacts on the financial statements of your Company as at December 31, 2013.

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3. 2011 Bond Issuance

Nature and purpose

On May 11, 2011, the Supervisory Board authorized a bond issuance of €500 million, represented by unsecured senior high-yield notes of your Company which bear interest annually at 7% and are redeemable on December 17, 2018.

In the context of the bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

- The Purchase Agreement was entered into on May 24, 2011, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand.
- The Indenture was entered into on May 27, 2011 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited.
- The Service Agreement was entered into on May 27, 2011 between your Company, the Guarantors, BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg.

The Purchase Agreement has been signed by the following banks: BNP Paribas, HSBC and Société Générale.

The Purchase Agreement, the Indenture and the Service Agreement have been signed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement on July 26, 2011), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland BV), Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Indenture.

Conditions

These contracts have been terminated following the release of guarantees provided by Rexel's subsidiaries, on March 15, 2013. Therefore, these contracts have no impacts on the financial statements of your Company as at December 31, 2013.

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4. 2012 Bond Issuance

Nature and purpose

On March 14, 2012, your Supervisory Board authorized a bond issuance of a minimum nominal amount of USD 300 million and a maximum amount of USD 500 million, represented by unsecured senior high-yield notes in the United States which bear interest annually at a maximum rate of 7.5% and have a maturity of between seven and nine years.

On April 12, 2012, your Supervisory Board authorized an additional issuance of high-yield notes in the United States for a maximum amount of USD 100 million. These new bonds are similar to the bonds described above.

In the context of the 2012 Bond Issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

- The Purchase Agreement was entered into on March 21, 2012 between your Company, on the one hand, and the Guarantors and the Banks, on the other hand.
- The Indenture was entered into on March 28, 2012 between Rexel, the Guarantors and the Bank of New York Mellon.
- The Purchase Agreement was entered into on April 16, 2012 between your Company, on the one hand, and the Guarantors and the Banks, on the other hand.

The Purchase Agreements have been signed by the following banks: Barclays Capital Inc., Merrill Lynch, Pierce, Fenner and Smith Incorporated, RBS Securities Inc., BNP Paribas Securities Corp. and Crédit Agricole Corporate and Investment Bank.

The Purchase Agreements and the Indenture have been signed by the following Guarantors: Rexel Développement SAS, Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium N.V., Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. which became parties to these agreements through deeds of accession dated March 28, 2012 and April 23, 2012.

Conditions

These contracts have been terminated following the release of guarantees provided by Rexel's subsidiaries, on March 15, 2013. Therefore, these contracts have no impacts on the financial statements of your Company as at December 31, 2013.

5. 2009 Senior Credit Agreement and its amendment dated April 21, 2011

Nature and purpose

On December 2, 2009 and December 10, 2009, your Supervisory Board authorized a Senior Credit Agreement entered into by your Company on December 17, 2009 for a principal amount of €1,700 million between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium S.A., Natixis, The Royal Bank of Scotland plc, and Société Générale Corporate and Investment Banking, in their capacity as "Lenders", on the other hand, as well as Calyon, in its capacity as "Facilities Agent".

The agreement provides that Rexel's subsidiaries (Rexel Développement S.A.S., Rexel Distribution [merged into Rexel Développement on July 26, 2011], Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. [renamed Rexel Nederland B.V.], Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. [renamed Rexel Holdings USA Corp.], Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.) will guarantee the obligations of the Company in their capacity as Guarantors.

On April 8, 2011, your Supervisory Board authorized your Company to sign an amendment to the Senior Credit Agreement effective as from December 17, 2009 and entered into on April 21, 2011. This amendment aims to permit the use of the proceeds from the bond issuance for the early redemption of the sums due under the Senior Credit Agreement, without canceling the Lenders' Commitments under the Senior Credit Agreement.

Conditions

This agreement and its amendment have been terminated following the renegotiation of a new contract in March 2013. Therefore, these contracts have no impact on the financial statements of your Company as at December 31, 2013.

6. Compensation agreements between Rexel and certain subsidiaries

Nature and purpose

On November 9, 2010, your Supervisory Board authorized the signing of compensation agreements between Rexel and certain subsidiaries with respect to the guarantees granted in connection with the Senior Credit Agreement in an amount of €1.7 billion, entered into on December 17, 2009, the bond issuance of €575 million and the Additional Bond Issuance of €75 million.

Under these compensation agreements entered into between your Company and its guarantor subsidiaries (Rexel Développement S.A.S., Rexel Distribution [merged into Rexel Développement on July 26, 2011], Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist

AB Selga, International Electric Supply Corp. [renamed Rexel Holdings USA Corp.], Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.) (the "Guarantors"), your Company compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee.

Conditions

These contracts have been terminated following the release of guarantees provided by Rexel's subsidiaries, on March 15, 2013. In 2013, your company recorded a financial expense with respect to the compensation paid for guarantees received until March 15, 2013 for a total amount of €2.3 million.

7. Bilateral facility agreement

Nature and purpose

On July 27, 2010, the Supervisory Board authorized the signing of a loan agreement for an amount of €40 million with Bayerische Landesbank as lender, your Company as borrower and Rexel Distribution (merged into Rexel Développement on July 26, 2011) as guarantor. The indirect subsidiary of your Company, Rexel Distribution (merged into Rexel Développement on July 26, 2011), acts in the capacity of guarantor for the amount lent in order to guarantee the obligations of Rexel under the facility agreement. This is a term loan for which the maturity date is December 17, 2014.

Conditions

Your Supervisory Board authorized on February 11, 2013 the termination of this agreement. Therefore, this contract has no impact on the financial statements of your Company as at December 31, 2013.

8. Rebilling agreements related to the 2011 and 2012 share repurchase plan

Nature and purpose

These agreements were entered into within the framework of the implementation of the 2011 share repurchase plan authorized by the Shareholders' Meeting on May 19, 2011, and the 2012 share repurchase plan authorized by the Shareholders' Meeting on May 16, 2012. The purpose of these agreements is to charge to Rexel Développement S.A.S. and Rexel France the cost of repurchasing the shares acquired by your Company for the purpose of delivering existing shares to the employees of these two companies designated as beneficiaries of the free share plans set up by the Management Board on May 12, 2011, October 11, 2011, May 2, 2012 and July 26, 2012. These agreements have been authorized by your Supervisory Board on February 8, 2012 and October 30, 2012.

Conditions

In 2013, recharged amounts recognized with respect to the free share plan under set up on May 12, 2011 amounted to €1.9 million for Rexel Développment S.A.S. and €1.8 million for Rexel France.

In 2013, recharged amounts recognized with respect to the free share plan under set up on October 11, 2011 amounted to €0.06 million for Rexel France.

No amounts were recharged in 2013 with respect to the free share plans set up on May 2, 2012 and July 26, 2012.

b) Which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. Commitments in favor of the members of your Company's Management Board in the event of termination of their duties

Nature and purpose

On May 19, 2011 and October 6, 2011, your Supervisory Board authorized the financial terms and conditions that would apply in the event of a termination of the duties of the members of the Management Board and the performance targets in relation to deferred items of compensation, in accordance with article L.225-90-1 of the French Commercial Code *(Code de commerce)* and pursuant to the "TEPA" law dated August 21, 2007.

1. Severance packages would be determined as follows:

a) In the event that his corporate functions are terminated, Mr Rudy Provoost would benefit from a contractual indemnity equal to 24 months of his monthly reference compensation. The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the termination date of his duties as a corporate officer, plus the gross average of the last two bonus payments received, with the exception of any exceptional bonuses, divided by 12 months. This indemnity is not applicable in the case of retirement leave or compulsory retirement leave.

In addition, regardless of the cause of departure from Rexel, a non-compete clause is stipulated. This non-compete undertaking is limited to a period of 12 months from the date of the termination of the corporate function. As consideration, the monthly non-compete payment is equal to one twelfth of his gross fixed annual compensation. This compensatory non-compete is included, when appropriate, in the contractual indemnity described above.

b) In the event of a termination in an employment agreement at the request of the employer following the end of their duties as a corporate officer, and except in the case of serious misconduct *(faute grave)* or willful misconduct *(faute lourde)* Mr Pascal Martin would benefit from a contractual indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer or as employee of the Company. The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received, with the exception of any exceptional bonuses, divided by 12 months.

   This gross indemnity includes the statutory severance indemnity *(indemnité de licenciement légale)* or the severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as, where applicable, the compensatory non-compete indemnity. It shall not apply in the event of a retirement leave or compulsory retirement leave. In such cases, only the severance indemnity pursuant to the collective bargaining agreement will be due and, where applicable, the compensatory non-compete indemnity.

   This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

   The notice period for breach of contract is eight months. The compensation in lieu of notice is equal to eight months of the last compensation paid, for the duties as corporate officer or employee of the Company, whichever is higher.

2. The severance packages which would be paid to Mr Rudy Provoost and Mr Pascal Martin excluding the compensatory non-compete indemnity, would be subject to the following performance criteria:

a) the payment of 50% of the severance package shall depend on the level of EBITDA (operating income before other income and expenses, plus depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

b) the payment of 35% of the severance package shall depend on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (reference period), reaches a maximum of 125% of the performance budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

c) the payment of 15% of the severance package shall depend on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (reference period), reaches a minimum of 75% of the performance budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation.

Conditions

These agreements had no impact on the financial statements of your Company for the financial year ended December 31, 2013. Please note that this contractual indemnity is now subject to new performance criteria authorized by your Supervisory Board, subsequent to the 2013 financial year closing date, on February 12, 2014 (refer above to agreements and commitments authorized after the 2013 financial year closing).

2. Supplementary defined-benefit pension plan

Nature and purpose

On March 30, 2009, your Supervisory Board authorized your Company to contract a supplementary defined-benefit pension plan with effect from July 1, 2009 for the members of the Management Board.

On February 8, 2011, your Supervisory Board authorized your Company to sign an amendment to the supplementary defined-benefit pension plan effective within Rexel since July 1, 2009, which was signed on April 29, 2011. This amendment aims at harmonizing the plan with the legal modifications regarding the minimum age and the required age for the payment at full rate of retirement benefits under the basic French social security system.

Conditions

A new amendment has been signed on November 27, 2013 and mentioned above (refer to agreements and commitments authorized during the year). This agreement had no impact for the financial year ended December 31, 2013.

3. Amendment to defined-benefit pension plan

Nature and purpose

On March 16, 2010, your Supervisory Board authorized your Company to sign an amendment to the defined-benefit pension plan. This amendment aims at harmonizing the plan with certain provisions of the social security regulations.

Conditions

This agreement had no impact for the financial year ended December 31, 2013.

4. Supplementary defined-benefit pension plan in favor of Mr Rudy Provoost

Nature and purpose

On October 6, 2011, the Supervisory Board authorized your Company to make supplementary defined-benefit pension commitments in favor of Mr Rudy Provoost under the supplementary defined-benefit pension plan effective as from July 1, 2009.

Conditions

On March 6, 2013, the Supervisory Board authorized the cancellation of these commitments in favor of Mr Rudy Provoost with retroactive effect at December 31, 2012. Therefore, these commitments had no impact for the financial year ended December 31, 2013.

5. Amendment to the Secondary Offering Cooperation Agreement

Nature and purpose

An amendment to the Secondary Offering Cooperation Agreement of April 4, 2007 was entered into on July 2, 2012. This amendment sets out the conditions for cooperation between the parties in the event shares are sold through accelerated book building, insofar as the transaction generates income of at least €75 million.

This amendment has been approved by the shareholders' general meeting on May 22, 2013.

Conditions

This amendment had no impact for the financial year ended December 31, 2013.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu

7.5.2.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2012 and 2011

The special reports of the Statutory Auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2012 and December 31, 2011 are set out in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013 under number D.13-0130 and in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164, respectively.


EXIT

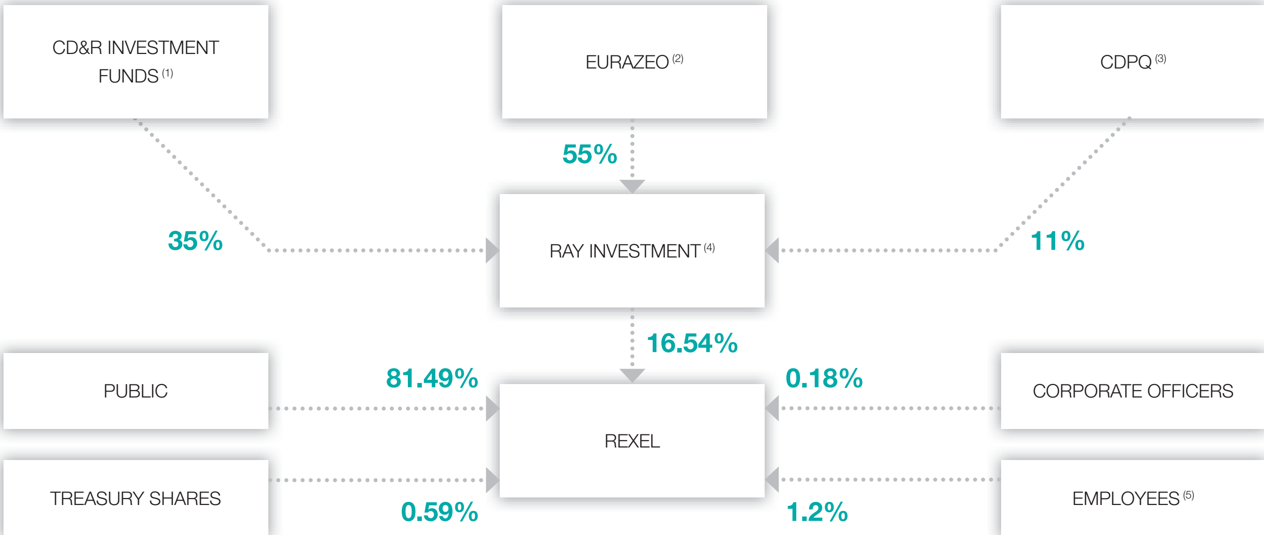
Additional Information

8

8.1 Shareholders

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2013:



(1) *CD&R Investment Funds:* Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII Limited Partnership, private equity funds managed by Clayton, Dubilier & Rice, Inc., together with a co-investment vehicle controlled by a subsidiary of Clayton, Dubilier & Rice, Inc. indirectly owns 35% of Ray Investment.
(2) *Eurazeo:* Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo S.A., owns 55% of Ray Investment.
(3) *CDPQ:* Caisse de Dépôt et Placement du Québec owns 11% of Ray Investment.
(4) *Ray Investment:* Ray Investment is a *société à responsabilité limitée* established under Luxembourg laws, with registered offices at 26, rue Glesener, L-1630 Luxembourg, Grand-Duchy of Luxembourg, registered with the Luxembourg companies' registry under number B 104766.
(5) *Employees:* the employees include the managers and the other employees as well as the Rexel FCPEs.

8.1.2 Share capital and voting rights

8.1.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2013, 2012 and 2011:

	DECEMBER 31,											
	2013				2012				2011			
SHAREHOLDERS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS
Ray Investment	46,856,915	46,856,915	16.54	16.54	158,324,738	158,324,738	58.22	58.22	190,268,736	190,268,736	70.78	70.78
Corporate officers (1)	507,542	507,542	0.18	0.18	463,254	463,254	0.17	0.17	1,927,659	1,927,659	0.72	0.72
Managers and other employees	2,486,768	2,486,768	0.88	0.88	3,124,125	3,124,125	1.15	1.15	2,238,317	2,238,317	0.83	0.83
Rexel FCPE	915,274	915,274	0.32	0.32	709,618	709,618	0.26	0.26	1,337,496	1,337,496	0.50	0.50
Public	230,900,513	230,900,513	81.49	81.49	107,008,960	107,008,960	39.36	39.36	70,456,778	70,456,778	26.21	26.21
Treasury shares	1,670,202	1,670,202 (2)	0.59	0.59 (2)	2,292,534	2,292,534 (2)	0.84	0.84 (2)	2,590,773	2,590,773 (2)	0.96	0.96 (2)
TOTAL	**283,337,214**	**283,337,214**	**100**	**100**	**271,923,229**	**271,923,229**	**100**	**100**	**268,819,759**	**268,819,759**	**100**	**100**

(1) Members of the Management Board and of the Supervisory Board.
(2) Theoretical voting rights. For the purpose of shareholders' meetings, no voting right is actually attached to these shares.

In addition, BlackRock Inc. (acting for the account of clients and funds managed by it), The Capital Group Companies, Inc. and Wellington Management Company, LLP (acting for the account of clients) declared that their holdings in Rexel had risen above the thresholds set forth in paragraph 8.1.2.2 "Shareholding threshold disclosures" of this *Document de Référence*.

To Rexel's knowledge and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above holds, as of December 31, 2013, more than 5% of the share capital and/or voting rights of Rexel.

8.1.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2013, Rexel received the following thresholds crossing declarations:

- Pursuant to a letter received on February 19, 2013, BlackRock Inc. (40 East 52nd Street, New York, 10022, USA), acting for the account of clients and funds managed by it, declared that, on February 14, 2013, its holdings in Rexel had risen above the 5% share capital and voting right thresholds and that its holdings for the account of such clients and funds stood at 17,043,119 Rexel shares representing the same number of voting rights, *i.e.* 6.27% of the share capital and voting rights of Rexel. This thresholds crossing results from on and off-market purchases of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 104,295 "Contracts for Differences" with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash;
- Pursuant to a letter received on February 22, 2013, Ray Investment declared that, on February 19, 2013, its holdings in Rexel had fallen below the 50% share capital and voting right thresholds and that it held 117,706,219 Rexel shares representing the same number of voting rights, *i.e.* 43.29% of the share capital and voting rights of Rexel. This thresholds crossing results from a market sale of 40,000,000 Rexel shares in favour of institutional investors as part of an accelerated book building process, which was settled on February 19, 2013;
- Pursuant to a letter received on June 7, 2013, Ray Investment declared that, on June 4, 2013, its holdings in Rexel had fallen below the 1/3 share capital and voting right thresholds and that it held 89,606,219 Rexel shares representing the same number of voting rights, *i.e.* 32.95% of the share capital and voting rights of Rexel. This thresholds crossing results from a market sale of 28,100,000 Rexel shares in favour of institutional investors as part of an accelerated book building process, which was settled on June 7, 2013;
- Pursuant to a mail received on July 9, 2013, Wellington Management Company LLP (280 Congress Street, Boston MA, 02210, USA), acting for the account of clients, declared that, on April 3, 2013, its holdings in Rexel had risen above the 2.5% share capital and voting rights statutory thresholds and that it held, at July 8, 2013, 8,579,081 Rexel shares representing the same number of voting rights, *i.e.* 3.17% of the share capital and voting rights of Rexel;
- Pursuant to a letter received on July 16, 2013, supplemented by letters received on July 17 and 18, 2013, BlackRock Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on July 10, 2013, its holdings in Rexel had risen above the 10% share capital and voting rights thresholds and that its holdings for the account of such clients and funds stood at 28,721,203 Rexel shares representing the same number of voting rights, *i.e.* 10.15% of the share capital and voting rights of Rexel. This thresholds crossing results from on and off-market purchases of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 1,621,784 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash. In the aforementioned letters, the following declaration of intent was made: *"BlackRock, Inc.'s purchases of Rexel shares were made as part of its ordinary activities as a portfolio management company, which activities are conducted without any intention of implementing a specific strategy in relation to Rexel or, in this regard, of exercising a specific influence on the management of Rexel. BlackRock, Inc. is not acting in concert with any third parties and does not intend to take control of Rexel or of requesting its appointment, or the appointment of one or more persons, as a director, or as a member of the management board or of the supervisory board"*;
- Pursuant to a letter received on August 9, 2013, The Capital Group Companies, Inc. (333 South Hope Street, 55th floor, Los Angeles, CA 90071-1406, USA), declared that, on August 7, 2013, its holdings in Rexel had risen above the 5% share capital and voting right thresholds and that its holdings stood at 15,560,226 Rexel shares representing the same number of voting rights, *i.e.* 5.50% of the share capital and voting rights of Rexel. This thresholds crossing results from market purchases of Rexel shares;
- Pursuant to a letter received on August 12, 2013, Ray Investment declared that, on August 7, 2013, its holdings in Rexel had fallen below the 30% and 25% share capital and voting right thresholds and that it held 66,856,915 Rexel shares representing the same number of voting rights, *i.e.* 23.62% of the share capital and voting rights of Rexel. This thresholds crossing results from a market sale of 28,800,000 Rexel shares in favour of institutional

investors as part of an accelerated book building process, which was settled on August 12, 2013;

- Pursuant to a letter received on October 7, 2013, BlackRock Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on October 3, 2013, its holdings in Rexel had fallen below the 10% share capital and voting right thresholds and that its holdings for the account of such clients and funds stood at 27,652,972 Rexel shares representing the same number of voting rights, *i.e.* 9.77% of the share capital and voting rights of Rexel. This thresholds crossing results from on and off-market sales of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 873,262 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash;
- Pursuant to a letter received on December 23, 2013, Wellington Management Company LLP (280 Congress Street, Boston MA, 02210, USA), acting for the account of clients, declared that, on December 17, 2013, its holdings in Rexel had risen above the 5% share capital and voting rights thresholds and that it held 16,247,300 Rexel shares representing the same number of voting rights, *i.e.* 5.73% of the share capital and voting rights of Rexel. This thresholds crossing results from on and off-market purchases of Rexel shares;
- Pursuant to a letter received on December 23, 2013, Ray Investment declared that, on December 17, 2013, its holdings in Rexel had fallen below the 20% share capital and voting right thresholds and that it held 46,856,917 Rexel shares representing the same number of voting rights, *i.e.* 16.54% of the share capital and voting rights of Rexel. This thresholds crossing results from a market sale of 19,999,998 Rexel shares in favour of institutional investors as part of an accelerated book building process, which was settled on December 20, 2013.

In addition, as at January 31, 2014, Rexel received the following thresholds crossing declarations:

- Pursuant to a letter received on January 6, 2014, BlackRock Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on January 2, 2014, its holdings in Rexel had risen above the 10% share capital and voting rights thresholds and that its holdings for the account of such clients and funds stood at 28,424,460 Rexel shares representing the same number of voting rights, *i.e.* 10.03% of the share capital and voting rights of Rexel. This thresholds crossing results from on and off-market purchases of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 1,096,114 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash. In the aforementioned letters, the following declaration of intent was made: *"BlackRock, Inc.'s purchases of Rexel shares were made as part of its ordinary activities as a portfolio management company, which activities are conducted without any intention of implementing a specific strategy in relation to Rexel or, in this regard, of exercising a specific influence on the management of Rexel. BlackRock, Inc. is not acting in concert with any third parties and does not intend to take control of Rexel or of requesting its appointment, or the appointment of one or more persons, as a director, or as a member of the management board or of the supervisory board"*;
- Pursuant to a letter received on January 14, 2014, BlackRock Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on January 10, 2014, its holdings in Rexel had risen below the 10% share capital and voting rights thresholds and that its holdings for the account of such clients and funds stood at 27,187,322 Rexel shares representing the same number of voting rights, *i.e.* 9.60% of the share capital and voting rights of Rexel. This thresholds crossing results from on and off-market purchases of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 832,540 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash;
- Pursuant to a letter received on January 23, 2014, The Capital Group Companies, Inc. (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, USA), declared that, on January 21, 2014, its holdings in Rexel had risen above the 10% share capital and voting rights thresholds and that its holdings stood at 28,373,598 Rexel shares representing the same number of voting rights, *i.e.* 10.01% of the share capital and voting rights of Rexel. This thresholds crossing results from on -market purchases of Rexel shares. In the aforementioned letters, the following declaration of intent was made: *"The Capital Group Companies, Inc.'s purchases of Rexel shares were made as part of its ordinary activities as a portfolio management company, which activities are conducted without any intention of implementing a specific strategy in relation to Rexel or, in this regard, of exercising a specific influence on the management of Rexel. The Capital Group Companies, Inc. is not acting in concert with any third parties and does not intend to take control of Rexel or of requesting its appointment, or the appointment of one or more persons, as a director, or as a member of the management board or of the supervisory board"*.

8.1.2.3 Interests held by managers in the share capital of Rexel

• Rexel interests held by Management Board and Supervisory Board members

As of December 31, 2013, the members of Rexel's Management Board and Supervisory Board held the following ownership interests in Rexel's share capital:

	NUMBER OF SHARES	% OF THE SHARE CAPITAL AND VOTING RIGHTS
CURRENT MEMBERS OF THE MANAGEMENT BOARD		
Rudy Provoost	165,640	0.06%
Pascal Martin	341,902	0.12%
Catherine Guillouard	–	–
CURRENT MEMBERS OF THE SUPERVISORY BOARD		
Roberto Quarta	–	–
Patrick Sayer	–	–
Vivianne Akriche	–	–
François David	–	–
Thomas Farrell	–	–
Fritz Fröhlich	–	–
François Henrot	–	–
David Novak	–	–
Monika Ribar	–	–
Herna Verhagen	–	–

• Transactions on Rexel securities carried out by Management Board and Supervisory Board members

During the financial year ended December 31, 2013:

- On February 18, 2013, Pascal Martin, member of the Management Board, sold Rexel shares at a price of €16.9257 per share for a total amount of €1,354,056;
- On March 20, 2013, Pascal Martin, member of the Management Board, sold Rexel shares at a price of €18 per share for a total amount of €258,174;
- On August 2, 2013, Pascal Martin, member of the Management Board, sold Rexel shares at a price of €18.5887 per share for a total amount of €833,638.82.

8.1.2.4 Employees shareholding

• Employee shareholding plan implemented in 2007

In accordance with the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting held on February 13, 2007, the Management Board has decided, on March 20, 2007 and April 4, 2007, to implement an increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the group savings plan (*Plan Épargne Groupe* – PEG) and to the international group savings plan (*Plan d'Épargne Groupe International* – PEGI) in France and in certain foreign countries.

The total number of shares that have been issued amounts to 1,436,874 shares, and the total amount of the capital increase reserved to such employees amounts to €19,266,448 (including an issuance premium of €12,082,078). This capital increase was carried out and recorded by the Management Board meeting of April 18, 2007. On April 18, 2007, the Management Board also carried out the issuance of 40,594 warrants to subscribe for shares (BSAs) attached to the 40,594 shares subscribed by the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat Classique International" employee investment fund (FCPE).

The assets invested in 2007 under the PEG and the PEGI became available on April 1, 2012 and May 1, 2012, respectively.

• Employee shareholding plan implemented in 2010

In accordance with the twenty-seventh resolution of the combined ordinary and extraordinary shareholders' meeting of May 20, 2010, the Management Board, at its meetings of May 20, 2010 and August 31, 2010, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 20, 2010 and August 31, 2010 amounted to 356,123 shares. This share capital increase was carried out and acknowledged by the Management Board on November 17, 2010.

Furthermore, in accordance with the twenty-eighth resolution of the combined shareholders' meeting of May 20, 2010, the Management Board decided, further to the authorization of the Supervisory Board of May 20, 2010, to carry out an allocation of free shares of the Company at the benefit of members of the international Rexel Group savings plan who subscribe to the 2010 employee shareholding transaction pursuant to the twenty-seventh resolution of the shareholders' meeting. During its meeting of August 31, 2010, the Management Board adopted the free share allocation plan and on November 19, 2010, determined the list of beneficiaries of this allocation of free shares, for a total number of 135,234 shares. These free shares are subject to a condition of presence on June 30, 2015. Exceptions to this condition of presence are nevertheless provided in the aforementioned plan.

• Employee shareholding plan implemented in 2012

In accordance with the thirty-third resolution of the combined ordinary and extraordinary shareholders' meeting of May 16, 2012, and with the authorization of the Supervisory Board, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012 amounted to 337,465 shares. This share capital increase was carried out and acknowledged by the Management Board on November 23, 2012.

Furthermore, in accordance with the thirty-first resolution of the combined shareholders' meeting of May 16, 2012, the Management Board, further to the authorization of the Supervisory Board of May 16, 2012, adopted the free share allocation plan on the same date and, on November 23, 2012, determined the list of beneficiaries of this free share allocation plan, for a total number of 145,634 shares. These free shares are subject to a condition of presence on June 30, 2017, subject to certain exceptions set forth in the aforementioned plan.

Lastly, in accordance with the thirty-fourth resolution of the combined shareholders' meeting of May 16, 2012, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase for the benefit of Capital IRG Trusteed Limited as part of the Share Incentive Plan ("SIP") in the United Kingdom. The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012 stood at 45,953 shares. This share capital increase was carried out and acknowledged by the Management Board on March 14, 2013.

• Employee shareholding plan implemented in 2013

In accordance with the sixteenth resolution of the combined ordinary and extraordinary shareholders' meeting of May 22, 2013, and with the authorization of the Supervisory Board, the Management Board, at its meetings of May 22, 2013 and September 3, 2013, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 22, 2013 and September 3, 2013 amounted to 256,751 shares. Two share capital increases were carried out. The first share capital increase was acknowledged by the Management Board on November 26, 2013 in respect of all subscriptions except those of employees in China. 237,210 shares were created. The second share capital increase was acknowledged by the Management Board on December 27, 2013 in respect of subscriptions of employees in China after having received the necessary authorizations from the Chinese authorities. 19,541 shares were created.

Furthermore, in accordance with the fifteenth resolution of the combined shareholders' meeting of May 22, 2013, the Management Board, further to the authorization of the Supervisory Board of May 22, 2013, adopted the free share allocation plan on the same date and, on November 26, 2013 and December 27, 2013, determined the list of beneficiaries of this free share allocation plan, for a total number of 104,669 shares. These free shares are subject to a condition of presence on June 30, 2018, subject to certain exceptions set forth in the aforementioned plan.

Lastly, in accordance with the seventeenth resolution of the combined shareholders' meeting of May 22, 2013, the Management Board, at its meetings of May 22, 2013 and September 3, 2013, decided to implement a share capital increase for the benefit of Capital IRG Trusteed Limited as part of the Share Incentive Plan ("SIP") in the United Kingdom.

As of December 31, 2013, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), as part of the employee shareholding plan, was 1,331,750 shares, *i.e.*, 0.47% of the share capital and voting rights of Rexel.

8.1.2.5 Subscription or purchase options for Rexel shares

This paragraph describes the share subscription or purchase option plans of Rexel and Rexel Développement in order to present information on the share subscription or purchase options issued and the related liquidity mechanisms.

- Rexel's share purchase option plans

In accordance with the authorizations granted by the Extraordinary Shareholders' Meetings of October 28, 2005, May 31, 2006 and October 4, 2006, the Chairman of Rexel, pursuant to decisions dated as of October 28, 2005, November 30, 2005, May 31, 2006 and October 4, 2006, adopted the terms and conditions of two Rexel share subscription options plans for certain employees or corporate officers of the Rexel Group's French or foreign companies, and to proceed with the following allotments of subscription options:

PLAN	PLAN NR.1			PLAN NR.2	
Date of shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Option grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Number of options to subscribe for shares granted	2,711,000	169,236	164,460	259,050	34,550
Maximum total number of options that can be exercised[(1)]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed for[(1)]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed by[(1)]:					
– Rexel's corporate officers	–	–	–	–	–
– Rexel's top ten employees	860,750	169,236	164,460	35,500	17,600
Start of option exercise period	October 29, 2009	June 1, 2010	October 5, 2010	December 1, 2009	June 1, 2010
Option expiry date	October 28, 2016	October 28, 2016	October 28, 2016	November 30, 2016	November 30, 2016
Exercise price of the option[(1)]	€5.00	€6.50	€9.50	€5.00	€6.50
Number of options outstanding as of December 31, 2012	32,820	–	–	165,154	11,276
Number of shares that have been subscribed for during the financial year ended on December 31, 2013	–	–	–	28,476	5,800
Aggregate number of options that have been cancelled or lapsed during the financial year ended on December 31, 2013	–	–	–	–	–
Outstanding options at December 31, 2013	32,820	–	–	136,678	5,476

(1) After the division of the par value of the Rexel share which occurred in 2007.

Unexercised options to subscribe for shares at December 31, 2013 may result in the creation of 174,974 new shares and a dilution of 0.06%.

During the financial year ended December 31, 2013, no option to subscribe for or to purchase shares was granted to Rexel's corporate officers or any other employee and no share subscription or purchase option has been exercised by the officers of Rexel.

During the financial year ended December 31, 2013, the 10 largest exercises carried out by employees in respect of all plans, were as follows:

BENEFICIARIES	NUMBER OF OPTIONS EXERCISED	NUMBER OF SHARES SUBSCRIBED	EXERCISE PRICE
Anthony Bombardiere	5,200	5,200	€6.5
Pierre Six	3,000	3,000	€5
Alain Marceau	3,000	3,000	€5
Jean-Georges Matti	2,600	2,600	€5
Mark Ludwig	2,500	2,500	€5
Michael Lehmann	2,000	2,000	€5
Per Olof Lundberg	2,000	2,000	€5
Michael Danyliw	2,000	2,000	€5
Michael Destefano	2,000	2,000	€5
William Albert	1,500	1,500	€5

• Plans instituted by Rexel Développement

The option plans established by Rexel Développement correspond to the option plans established by Rexel Distribution and assumed by Rexel Développement further to the merger by absorption of Rexel Distribution by Rexel Développement.

Rexel Développement share subscription option plans established in 2003

At the extraordinary shareholders' meeting held on May 14, 2003, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price could not be lower than 80% of the average of the opening prices on the stock exchange during the 20 trading days preceding the option grant date.

On July 7, 2003, the Board of Directors of Rexel Distribution set up the plans relating to these options and granted 623,413 options to subscribe for a maximum of 623,413 Rexel Distribution shares at the price of €26.75 per Rexel Distribution share. 173,488 of the 623,413 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2004 and 2005. No option with performance criteria remains effective. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for Rexel Distribution shares was adjusted. As of December 31, 2010, the subscription price was €21.61 per Rexel Distribution share.

Upon the merger by absorption of Rexel Distribution by Rexel Développement in July 2011, it was noted that there remained no potentially exercisable option under this share subscription plan.

Rexel Développement share subscription option plans established in 2004

At the extraordinary shareholders' meeting held on May 24, 2004, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,300,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the opening prices on the stock exchange during the 20 trading days preceding the date of grant of the options.

On July 5, 2004, the Board of Directors of Rexel Distribution set up the plans relating to these options and awarded 782,790 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 782,790 Rexel Distribution shares at the price of €35.26 per Rexel Distribution share. 179,550 of the 782,790 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2005 and 2006. No option with performance criteria remains effective. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for share subscription options was adjusted. As of December 31, 2010, the subscription price was €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan are exercisable between July 6, 2008 and July 4, 2014 inclusive.

In connection with the merger by absorption of Rexel Distribution by Rexel Développement in July 2011, the price and the number of shares under option were adjusted such that, as at December 31, 2011, with due account taken of the options exercised after the merger, 992 options conferring the right to subscribe to 992 shares of Rexel Développement at the price of €14.25 per Rexel Développement share, could still be exercised.

- 2011 liquidity mechanism

Further to the merger by absorption of Rexel Distribution by Rexel Développement, Rexel offered a liquidity mechanism to the option beneficiaries. Under this liquidity mechanism, it agreed to purchase the Rexel Développement shares subscribed to by the beneficiaries upon exercise of their options, for a certain period of time further to the merger by absorption. In this context, Rexel purchased 992 Rexel Développement shares subscribed to under the plan created on July 5, 2004, at a price of €17.27 per share.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Développement as of December 31, 2013:

				PRE-MERGER AND COMPLETION OF ADJUSTMENTS IN JULY 2011			POST-MERGER AND COMPLETION OF ADJUSTMENTS IN JULY 2011			AS AT DECEMBER 31, 2013		
DATE OF SHAREHOLDERS' MEETING	OPTION TYPE	NUMBER OF OPTIONS INITIALLY GRANTED	OPTION GRANT DATE	EXERCISABLE OPTIONS	PURCHASE OR SUBSCRIPTION PRICE AS OF GRANT DATE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT	EXERCISABLE OPTIONS	PURCHASE OR SUBSCRIPTION PRICE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT	EXERCISABLE OPTIONS	PURCHASE OR SUBSCRIPTION PRICE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT
May 14, 2003	Ordinary share subscription options	449,925	July 7, 2003	–	21.61	–	–	10.81	–	–	10.81	–
May 14, 2003	Share subscription options tied to performance criteria	173,488	July 7, 2003	–	21.61	–	–	10.81	–	–	10.81	–
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	992	28.49	992	1,984	14.25	1,984	992	14.25	992
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	–	28.49	–	–	14.25	–	–	14.25	–

During the financial year ended December 31, 2013, no option to subscribe to shares of Rexel Développement was granted. During the financial year ended December 31, 2013, no options were exercised by the employees.

8.1.2.6 Allotment of free shares

- Allocation of free shares during the financial year ended December 31, 2009

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 11, 2009, the Management Board, at its meeting of May 11, 2009, decided to grant 1,372,166 free Rexel shares under four plans.

The table below summarizes the free share allocations carried out in the financial year ended December 31, 2009:

PLAN	COMEX REXEL 2+2	COMEX REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' meeting	May 20, 2008			
Management Board	May 11, 2009			
Number of beneficiaries	3	7	96	190
Initial number of free shares allocated	107,934	218,884	259,282	786,066
Corporate officers				
– Michel Favre [(1)]	58,500	–	–	–
Top eleven employees[(2)]	310,754			
Date of final allocation	May 11, 2011	May 11, 2013	May 11, 2011	May 11, 2013
Date of transferability of shares	May 12, 2013	May 12, 2013	May 12, 2013	May 12, 2013
Number of free shares allocated and valid at December 31, 2012	–	165,840	–	600,388
Initial number of free shares cancelled or having lapsed[(3)], including:	–	–	–	–
– Number of free shares that have lapsed as a result of the condition of presence	–	–	–	–
– Number of free shares that have lapsed as a result of the performance condition	–	–	–	–
Number of shares vested at December 31, 2013	–	165,840	–	600,388
Number of free shares allocated and valid at December 31, 2013	–	–	–	–

(1) Michel Favre was appointed as corporate officer further to the allocation of free shares and has received the free shares granted in his capacity as employee. Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(2) Given the number of shares allocated to the employees, the eleven first grants have been indicated.
(3) Condition of presence which has not been satisfied or performance condition which has not been satisfied.

No free shares were outstanding at December 31, 2013.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013).

During the financial year ended December 31, 2013, the following shares vested in favor of the top twelve employees of the Rexel Group under plans providing for a 4-year vesting period:

	NUMBER OF VESTED SHARES	
BENEFICIARIES	COMEX REXEL 4+0	MANAGERS REXEL 4+0
Christopher Hartmann	59,869	–
Mitchell Williams	30,363	–
Henri-Paul Laschkar	29,793	–
Kerry Warren	–	19,343
Jeremy de Brabant	19,215	–
Bradford Greene	–	14,508
John Gschwind	–	14,508
Jeffrey Hall	13,300	–
Hubert Salmon	13,300	–
James Hibberd	–	11,501
Mark Daniel	–	11,501
Robert Connors	–	11,501

• Free shares granted in the financial year ended December 31, 2010

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board, during its meeting of May 11, 2010, decided to grant 1,519,862 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

On May 11, 2010, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allocation of free shares shall retain 20% of such shares in registered form until the end of their term of office.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2010:

PLAN	LEADERSHIP REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' meeting	May 20, 2009			
Management Board	May 11, 2010			
Number of beneficiaries	27	47	74	151
Initial number of free shares allocated	391,306	544,262	160,836	423,458
Corporate officers				
– Jean-Charles Pauze [(1)]	78,708	–	–	–
– Michel Favre [(2)]	35,581	–	–	–
– Pascal Martin	46,255	–	–	–
– Jean-Dominique Perret [(3)]	39,910	–	–	–
Top eleven employees[(4)]	309,933			
Date of final allocation	May 11, 2012	May 11, 2014	May 11, 2012	May 11, 2014
Date of transferability of shares	May 12, 2014	May 12, 2014	May 12, 2014	May 12, 2014
Number of free shares allocated and valid at December 31, 2012	–	488,318	–	349,136
Number of free shares allocated and cancelled or expired, of which[(5)]:				
– Number of shares expired pursuant to the condition of presence	–	–	–	–
– Number of shares expired pursuant to the condition of performance	–	–	–	–
Number of shares vested at December 31, 2013	–	–	–	–
Number of free shares allocated and valid at December 31, 2013	–	488,318	–	349,136

(1) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.
(2) Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(3) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(4) Considering the number of shares allocated to employees, the first eleven allocations were selected.
(5) Condition of presence not met or condition of performance not achieved.

Free shares allocated and not yet delivered at December 31, 2013 may result in the creation of 837,454 new shares and a dilution of 0.30%.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013).

During the financial year ended December 31, 2013, no shares were vested in favor of the corporate officers and top ten employees.

• Free shares granted in the financial year ended December 31, 2011

Free share plan created on May 12, 2011

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2010 and by the Supervisory Board on May 11, 2011, the Management Board, during its meeting of May 12, 2011, decided to grant 2,082,748 free Rexel shares under six plans.

On May 11, 2011, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allocation of free shares shall retain 20% of such shares in registered form until the end of their term of office.

The table below summarizes the free share allocations carried out on May 12, 2011:

PLAN	LEADERSHIP REXEL 2+2	MANAGERS REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 4+0	OPERATING MANAGERS 2+2	OPERATING MANAGERS 4+0
Shareholders' Meeting	May 20, 2010					
Management Board	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011
Number of beneficiaries	29	83	39	170	113	423
Initial number of free shares allocated	429,203	177,931	507,879	484,110	96,375	387,250
Corporate officers						
– Jean-Charles Pauze [1]	78,708	–	–	–	–	–
– Michel Favre [2]	35,581	–	–	–	–	–
– Pascal Martin	39,910	–	–	–	–	–
– Jean-Dominique Perret [3]	35,581	–	–	–	–	–
Top ten employees	303,224					
Vesting Date	May 12, 2013	May 12, 2013	May 12, 2015	May 12, 2015	May 12, 2013	May 12, 2015
Date of transferability of shares	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015
Number of free shares allocated and valid at December 31, 2012	182,215	88,147	190,353	234,540	83,000	351,125
Number of free shares allocated and cancelled or expired, of which:	–	–	1,938	1,346	750	9,250
– Number of shares expired pursuant to the presence condition	–	–	1,938	1,346	750	9,250
– Number of shares expired pursuant to the performance condition	–	–	–	–	–	–
Number of shares vested at December 31, 2013	182,215	88,147	–	–	82,250	–
Number of free shares allocated and valid at December 31, 2013	–	–	188,415	233,194	–	341,875

(1) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.
(2) Since October 30, 2012, Michel Favre is not longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(3) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.

Free shares allocated and not yet delivered at December 31, 2013 may result in the creation of 763,484 new shares and a dilution of 0.27%.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013).

Free share plan created on October 11, 2011

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on October 6, 2011, the Management Board, at its meeting of October 11, 2011, decided:

– to grant 281,701 Rexel shares to the corporate officers and employees of Rexel under four plans: "Leadership

Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";

- to grant 59,018 Rexel shares to Rudy Provoost under the "Ordinary" plan. The criteria and conditions for granting the free shares decided by the Management board included a two-year presence condition but no performance condition; and
- to allocate 1,343,310 free Rexel shares to the members of the Executive Committee, including the managing corporate officers and certain key contributors under two plans: "Exceptionnel 5+0" and "Exceptionnel 3+2".

The table below summarizes the free share allocations carried out on October 11, 2011:

PLAN	EXCEPTIONAL 3+2	EXCEPTIONAL 5+0	ORDINARY 2+2	LEADERSHIP REXEL 2+2	MANAGERS REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 4+0
Shareholders' Meeting				May 19, 2011			
Management Board	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011
Number of beneficiaries	7	8	1	1	6	1	11
Initial number of free shares allocated	840,334	502,976	59,018	236,532	10,929	8,381	25,859
Corporate officers							
– Rudy Provoost	430,155	–	59,018	236,532	–	–	–
– Michel Favre (1)	90,419	–	–	–	–	–	–
– Pascal Martin	90,419	–	–	–	–	–	–
– Jean-Dominique Perret (2)	57,485	–	–	–	–	–	–
– Jean-Charles Pauze (3)	–	–	–	–	–	–	–
Top ten employees				640,900			
Vesting date	October 11, 2014	October 11, 2016	October 11, 2013	October 11, 2013	October 11, 2013	October 11, 2015	October 11, 2015
Date of transferability of shares	October 12, 2016	October 12, 2016	October 12, 2015	October 12, 2015	October 12, 2015	October 12, 2015	October 12, 2015
Number of free shares allocated and valid at December 31, 2012	840,334	446,589	59,018	106,622	5,906	3,779	11,376
Number of free shares allocated and cancelled or expired, of which:	90,419	–	–	–	–	–	1,420
– Number of shares expired pursuant to the presence condition	90,419	–	–	–	–	–	1,420
– Number of shares expired pursuant to the performance condition	–	–	–	–	–	–	–
Number of vested shares at December 31, 2013	–	–	59,018	106,622	5,906	–	–
Number of free shares allocated and valid at December 31, 2013	749,915	446,589	–	–	–	3,779	9,956

(1) On October 30, 2012, Michel Favre ceased to be a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(2) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(3) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.

Free shares allocated and not yet delivered at December 31, 2013 may result in the creation of 1,210,239 new shares and a dilution of 0.43%.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013).

During the financial year ended on December 31, 2013, the following shares vested in favor of the corporate officers and top eleven employees:

BENEFICIARIES	NUMBER OF VESTED SHARES					
	LEADERSHIP REXEL 2+2 MAY 2011 (1)	MANAGERS REXEL 2+2 MAY 2011 (2)	OPERATING MANAGERS 2+2 (3)	ORDINARY 2+2 (4)	LEADERSHIP REXEL 2+2 OCTOBER 2011 (1)	MANAGERS REXEL 2+2 OCTOBER 2011 (2)
CORPORATE OFFICERS						
Rudy Provoost				59,018	106,622	
Pascal Martin	17,991					
TOP ELEVEN EMPLOYEES						
Jean-Charles Pauze (5)	35,480					
Michel Favre (6)	16,039					
Jean-Dominique Perret (7)	16,039					
Patrick Berard	16,039					
Jeremy de Brabant	9308					
Jerôme Baniol	6,870					
Pascale Giet	6,245					
Olivier Baldassari	5,152					
Laurent Delabarre	5,152					
Benoit Dutour	5,152					
Patrick Rayet	5,152					

(1) Share vesting conditions under the Leadership Rexel 2+2 plan: 2 year presence condition and following performance conditions:
– the vesting of 50% of the number of shares depends on the variation of adjusted EBITDA margin between 2010 and 2012;
– the vesting of 25% of the number of shares depends on the 2011 adjusted EBITDA level;
– the vesting of 25% of the number of shares depends on the 2011 net debt / 2011 EBITDA ratio.
The number of free shares vested was 58.6% against a maximum number of free shares allocated of 130%.
(2) Share vesting conditions under the Managers Rexel 2+2 plan: 2 year presence condition and following performance conditions:
– the vesting of 40% of the number of shares depends on the variation of adjusted EBITDA margin between 2010 and 2012;
– the vesting of 20% of the number of shares depends on the 2011 adjusted EBITDA level;
– the vesting of 20% of the number of shares depends on the 2011 net debt / 2011 EBITDA ratio.
The number of free shares vested was 66.9% against a maximum number of free shares allocated of 124%.
(3) Vesting conditions under the Operating Managers 2+2 plan: 2 year presence condition.
(4) Vesting conditions under the Ordinary 2+2 plan: 2 year presence condition.
(5) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.
(6) Michel Favre ceased to be a member of the Management Board on October 30, 2012. Michel Favre left Rexel on July 31, 2013.
(7) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.

• Free shares granted in the financial year ended December 31, 2012

Free share plan created on May 2, 2012

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on May 2, 2012, the Management Board, at its meeting of May 2, 2012, decided to grant 2,019,324 free Rexel shares under two plans.

On May 2, 2012, further to the authorization granted to the Management Board to proceed with free share allocations, the Supervisory Board decided that the members of the Management Board benefitting from a free share allocation would be required to hold 20% of the free shares allocated to them in registered form until the expiry of their functions.

Free share plan created on July 26, 2012

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on July 26, 2012, the Management Board, at its meeting of July 26, 2012, decided to grant 243,080 free Rexel shares under two plans.

The table below summarizes the free share allocations carried out during the financial year ended on December 31, 2012:

PLAN	REXEL 2+2	REXEL 4+0	REXEL 2+2	REXEL 4+0
Shareholders' Meeting	May 19, 2011		May 16, 2012	
Management Board	May 2, 2012		July 26, 2012	
Number of Beneficiaries	158	348	4	39
Initial number of free shares allocated	737,024	1,282,300	59,243	183,837
Corporate officers				
– Rudy Provoost	90,816	–	–	–
– Pascal Martin	46,050	–	–	–
– Jean-Dominique Perret (1)	41,055	–	–	–
– Michel Favre (2)	41,055	–	–	–
Top ten employees	400,103			
Vesting date	May 2, 2014	May 2, 2016	July 26, 2014	July 26, 2016
Date of transferability of the shares	May 3, 2016	May 3, 2016	July 27, 2016	July 27, 2016
Number of free shares allocated and valid at December 31, 2012	626,809	1,079,442	51,309	159,217
Number of free shares allocated cancelled or expired, of which	435,977	732,707	34,638	107,258
– Number of shares expired pursuant to the presence condition	54,957	40,523	1,306	3,378
– Number of shares expired pursuant to the performance condition	381,020	692,184	33,332	103,880
Number of free shares allocated and valid at December 31, 2013	190,832	346,735	16,671	51,959

(1) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(2) Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.

Free shares allocated and not yet delivered at December 31, 2013 may result in the creation of 606,197 new shares and a dilution of 0.21%.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013).

During the financial year ended on December 31, 2013, no shares vested in favor of the corporate officers or top ten employees.

• Free shares granted in the financial year ended December 31, 2013

Free share plan created on April 30, 2013

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on April 30, 2013, the Management Board, at its meeting of April 30, 2013, decided to grant 2,574,729 free Rexel shares under four plans.

On April 30, 2013, further to the authorization granted to the Management Board to proceed with free share allocations, the Supervisory Board decided that the members of the Management Board benefitting from a free share allocation would be required to hold 20% of the free shares allocated to them in registered form until the expiry of their functions.

Free share plan created on July 25, 2013

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 22, 2013 and by the Supervisory Board on July 25, 2013, the Management Board, at its meeting of July 25, 2012, decided to grant 78,410 free Rexel shares under two plans.

The table below summarizes the free share allocations carried out during the financial year ended on December 31, 2013:

PLAN	KEY MANAGERS 2+2	KEY MANAGERS 4+0	OPERATING MANAGERS 3+2	OPERATING MANAGERS 5+0	REXEL 2+2	REXEL 4+0
Shareholders' meeting	May 16, 2012				May 22, 2013	
Management Board	April 30, 2013				July 25, 2013	
Number of Beneficiaries	163	324	91	377	9	6
Initial number of free shares allocated	793,310	1,259,819	99,100	422,500	50,694	27,716
Corporate Officers						
– Rudy Provoost	96,682	–	–	–	–	–
– Pascal Martin	42,980	–	–	–	–	–
– Catherine Guillouard	42,980	–	–	–	–	–
Top ten employees	229,544	307,300	13,000	16,000	50,694 (1)	27,716 (2)
Vesting Date	April 30, 2015	April 30, 2017	April 30, 2016	April 30, 2018	July 25, 2015	July 25, 2017
Date of transferability of the shares	May 2, 2017	May 2, 2017	May 2, 2018	May 2, 2018	July 26, 2017	July 26, 2017
Number of free shares allocated cancelled or expired, of which:	346,504	551,335	11,100	18,200	21,644	11,830
– Number of shares expired pursuant to the presence condition	13,708	23,753	11,100	18,200	–	–
– Number of shares expired pursuant to the performance conditions	332,796	527,582	–	–	21,644	11,830
Number of free shares allocated and valid at December 31, 2013	446,806	708,484	88,000	404,300	29,050	15,886

(1) Concerns 9 beneficiaries only.
(2) Concerns 6 beneficiaries only.

Free shares allocated and not yet delivered at December 31, 2013 may result in the creation of 1,692,526 new shares and a dilution of 0.60%.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the vesting period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2013).

In the financial year ended December 31, 2013, the Management Board granted free shares to the corporate officers and to the top 10 employees of the Rexel Group as follows:

BENEFICIARY	NAME AND DATE OF THE PLAN	NUMBER OF SHARES	VALUATION OF SHARES ALLOCATED	VESTING DATE	DATE OF TRANSFERABILITY	CONDITIONS(1)
CORPORATE OFFICERS						
Rudy Provoost	Key Managers 2+2 April 30, 2013	96,682	€1,324,543.4	April 30, 2015	May 2, 2017	Key Managers 2+2 (1)
Pascal Martin	Key Managers 2+2 April 30, 2013	42,980	€588,826	April 30, 2015	May 2, 2017	Key Managers 2+2 (1)
Catherine Guillouard	Key Managers 2+2 April 30, 2013	42,980	€588,826	April 30, 2015	May 2, 2017	Key Managers 2+2 (1)
TOP TEN EMPLOYEES						
Christoper Hartmann	Key Managers 4+0 April 30, 2013	60,200	€724,808	April 30, 2017	May 2, 2017	Key Managers 4+0 (2)
Mitchell Williams	Key Managers 4+0 April 30, 2013	51,576	€620,975.04	April 30, 2017	May 2, 2017	Key Managers 4+0 (2)
Patrick Berard	Key Managers 2+2 April 30, 2013	38,318	€524,956.6	April 30, 2015	May 2, 2017	Key Managers 2+2 (2)
Peter Hakanson	Key Managers 2+2 April 30, 2013	38,318	€524,956.6	April 30, 2015	May 2, 2017	Key Managers 2+2 (2)
Michel Klein	Key Managers 4+0 April 30, 2013	38,318	€461,348.72	April 30, 2017	May 2, 2017	Key Managers 4+0 (2)
Henri-Paul Laschkar	Key Managers 4+0 April 30, 2013	38,318	€461,348.72	April 30, 2017	May 2, 2017	Key Managers 4+0 (2)
Jean-Dominique Perret	Key Managers 2+2 April 30, 2013	38,318	€524,956.6	April 30, 2015	May 2, 2017	Key Managers 2+2 (2)
Jeffrey Hall	Key Managers 4+0 April 30, 2013	32,200	€387,688	April 30, 2017	May 2, 2017	Key Managers 4+0 (2)
Pascale Giet	Key Managers 2+2 April 30, 2013	22,501	€308,263.7	April 30, 2015	May 2, 2017	Key Managers 2+2 (2)
Jeremy de Brabant	Key Managers 2+2 April 30, 2013	22,237	€304,646.9	April 30, 2015	May 2, 2017	Key Managers 2+2 (2)

(1) Share vesting conditions under the Key Managers 2+2 plan: condition of presence of 2 years and following performance conditions:
- the vesting of 15% of the number of shares depends on the variation of adjusted EBITA margin between 2012 and 2014;
- the vesting of 45% of the number of shares depends on the 2013 adjusted EBITA level;
- the vesting of 5% of the number of shares depends on the average free cash flow before interests and taxes / EBITDA ratio for 2013 and 2014;
- the vesting of 15% of the number of shares depends on the 2013 free cash flow before interests and taxes level;
- the vesting of 20% of the number of shares depends on the TSR.

(2) Share vesting conditions under the Key Managers 4+0 plan: condition of presence of 2 years and following performance conditions:
- the vesting of 15% of the number of shares depends on the variation of adjusted EBITA margin between 2012 and 2014;
- the vesting of 45% of the number of shares depends on the 2013 adjusted EBITA level;
- the vesting of 5% of the number of shares depends on the average free cash flow before interests and taxes / EBITDA ratio for 2013 and 2014;
- the vesting of 15% of the number of shares depends on the 2013 free cash flow before interests and taxes level;
- the vesting of 20% of the number of shares depends on the TSR.

During the financial year ended on December 31, 2013, no shares vested in favor of the corporate officers or top ten employees.

8.1.2.7 Total dilution

The number of options to subscribe for shares which have not yet been exercised and the number of shares freely allocated by Rexel which have not yet been delivered may result in the creation of 5,284,874 new shares, representing 1.87% of the share capital and voting rights of Rexel at December 31, 2013.

8.1.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this *Document de Référence*, the Rexel's shareholders hold the same number of voting rights as the number of shares they own.

8.1.4 Control structure

The two-tier management structure (Management Board and Supervisory Board), the creation of committees of the Supervisory Board, the appointment of independent members at the Supervisory Board and at the committees of the Supervisory Board, the performance of reviews of the operation and work of the Supervisory Board and of its committees, within the conditions described in chapter 7 "Corporate Governance" of this *Document de Référence*, will notably enable Rexel to avoid being controlled in an "abusive manner" within the meaning of European Council Regulation N°809/2004 dated April 29, 2004.

8.1.5 Agreements potentially leading to a change of control

The shareholders of Ray Investment, which holds 16.54% of Rexel's shares, are entities owned by investment funds managed by Clayton, Dubilier & Rice, Inc. (**"CD&R Entities"**), Eurazeo and Caisse de Dépôt et Placement du Québec. These parties and Ray Investment have entered into several agreements in order to structure their relationship as direct and indirect shareholders of Rexel. BAML Capital Partners had been a party to these agreements as a shareholder of Ray Investment (and therefore an indirect shareholder of Rexel), but it ceased to be a party to them as of December 20, 2013, the date on which it ceased to hold, directly or indirectly, any shares in Rexel or Ray Investment.

- Ray Investment Shareholders' Agreement

Ray Investment, CD&R Entities, Eurazeo and Caisse de Dépôt et Placement du Québec are parties to the Ray Investment shareholders agreement initially entered into on March 26, 2005 and amended on April 4, 2007 (the **"Ray Investment Shareholders' Agreement"**). The Ray Investment Shareholders' Agreement aims at structuring the relationships between the shareholders of Ray Investment.

The Ray Investment Shareholders' Agreement notably provides that decisions to be taken by Ray Investment as a shareholder of Rexel, as well as certain decisions with respect to Ray Investment, should be previously approved by its shareholders or of Ray Investment partners, in accordance with particular majority requirements.

With the exception of transfers to affiliates, interests held in Ray Investment are not transferable to third-parties without the prior written consent of CD&R Entities, Eurazeo and the Caisse de Dépôt et Placement du Québec.

However, the parties to the Ray Investment Shareholders' Agreement have the option to exchange their shares in Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with certain conditions.

The Ray Investment Shareholders' Agreement entered into force upon the admission of Rexel's shares to trading on the regulated market of NYSE Euronext in Paris and will remain in effect for 10 years from the date of this admission. In addition, the Ray Investment Shareholders' Agreement will cease to apply to CD&R Entities, Eurazeo or the Caisse de Dépôt et Placement du Québec at such time as such party no longer holds any interest in Ray Investment.

- Rexel Shareholders' Agreement

CD&R Entities and Eurazeo are parties to a shareholders' agreement, initially entered into on April 4, 2007 and amended on February 29, 2012, in order to organize the corporate governance of Rexel (the **"Rexel Shareholders' Agreement"**).

The Rexel Shareholders' Agreement contemplated that Rexel's Supervisory Board would initially be comprised of three members appointed from a list proposed by CD&R Entities, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by BAML Capital Partners and three independent members, one of whom may be appointed from a list proposed by BAML Capital Partners. Since then, because BAML Capital Partners has ceased to be a direct or indirect shareholder of Rexel and CD&R Entities and Eurazeo have reduced their ownership interests in Rexel, Rexel's Supervisory Board does not have any members who had been in a list proposed by BAML Capital Partners, and has two directors appointed from a list proposed by CD&R Entities and two from a list proposed by Eurazeo. The number of Supervisory Board members that may be nominated by CD&R Entities and Eurazeo may be reduced further if their direct or indirect ownership of Rexel falls below certain thresholds.

CD&R Entities have the right to nominate the first Chairman of the Supervisory Board. Subsequently, if Eurazeo's shareholdings is greater by 50% than CD&R Entities', Eurazeo will be entitled to nominate the Chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board has the following four committees: an Audit Committee, a Compensation Committee, an Appointment Committee and a Strategic Committee.

The Rexel Shareholders' Agreement will expire on April 4, 2017. In addition, provisions of the Rexel Shareholder's Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

The Rexel Shareholder's Agreement also provides that it will automatically become void if any of the shareholders (acting alone or through one of its subsidiaries) launches a tender offer to purchase all of Rexel's existing shares.

• Liquidity Agreement

Ray Investment, CD&R Entities, Eurazeo and Caisse de Dépôt et Placement du Québec are parties to an agreement relating to the acquisition and disposal of Rexel's shares. This agreement was initially dated April 4, 2007 but it was restated and simplified on February 29, 2012 and then amended in 2013, (the **"Liquidity Agreement"**).

CD&R Entities, Eurazeo and Caisse de Dépôt et Placement du Québec may, under certain conditions:

– Sell, or have Ray Investment sell, Rexel shares into the market subject to a maximum of €25 million per 30-day period, subject to prior notice to the other shareholders of Ray Investment on the day preceding the contemplated sale at the latest; and

– Initiate, or have Ray Investment initiate, (i) the sale of Rexel's shares through a block trade with reasonably estimated gross proceeds of at least €75 million, or (ii) an underwritten secondary public offering of Rexel's shares with reasonably estimated gross proceeds of at least €150 million (it being clarified that such an offering may not be initiated within six months of the completion of a similar offering without the prior approval of CD&R Entities and Eurazeo). The other parties to the Liquidity Agreement will have the right to participate in such block trades or offerings, pro rata to their respective shareholdings.

The transfer of Rexel's shares between affiliates of the parties to the Liquidity Agreement are authorized, subject to the transferee affiliate agreeing to adhere to the provisions of the Liquidity Agreement. In addition, the Liquidity Agreement will not apply to market transactions or asset management transactions effected by any bank or asset management company affiliated with CD&R Entities or Eurazeo.

The Liquidity Agreement also provides that any sale of Rexel shares to a competitor of the Rexel Group be subject to the prior approval of CD&R Entities and Eurazeo (with the exception of sales made in the context of a public offering covering 100% of the shares of Rexel).

The Liquidity Agreement will remain in effect until the later of (i) April 4, 2015 and (ii) the date on which CD&R Entities and Eurazeo cease to collectively hold, directly or indirectly, at least 10% of Rexel's capital. Furthermore, the provision of the Liquidity Agreement will cease to apply to CD&R Entities, Eurazeo or the Caisse de Dépôt et Placement du Québec if it is not a shareholder or Ray Investment and its direct or indirect shareholding in Rexel falls under 5%.

• Public Offering Rights Agreement

Ray Investment, CD&R Entities, Eurazeo and Caisse de Dépôt et Placement du Québec are parties to an agreement, dated February 13, 2007, which structures their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the shareholders of Ray Investment is able to request that Ray Investment proceed with the repurchase of all of such shareholders's current interests in Ray Investment in exchange for the corresponding amount of Rexel' shares held by Ray Investment.

In addition, in the event that Ray Investment effects a capital decrease through the repurchase of ownership interests using proceeds from the sale of shares in the proposed initial public offering of Rexel, each of the partners of Ray Investment will be entitled to participate in this capital decrease, pro rata to their interest in Ray Investment Payment for such interests will be made through cash or shares of Rexel held by Ray Investment. This foregoing will remain true, even if such a capital decrease occurs before January 1, 2008.

• Cooperation Agreement

On April 4, 2007, Rexel and Ray Investment and its shareholders entered into an agreement, which was amended on July 2, 2012, in order to structure their relationships in case of a sale of Rexel's shares by Ray Investment or its partners (the **"Cooperation Agreement"**).

The Cooperation Agreement applies to sales carried out pursuant to (i) a public offering or a private placement and to the extent that the proceeds of such offering would total €100 million or more (except for any public offer outside of France that would require the filing of a prospectus by a market authority) or (ii) an accelerated book-building process, to the extent the proceeds of such transaction would total €75 million or more.

The Cooperation Agreement specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers, access to information, as well as the due diligences to be conducted in the context of these transactions.

Rexel will not be required to take part in any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter total €100 million or more, or within a period of three months following any sale transaction pursuant to an accelerated book-building process, the proceeds of which would total €75 million or more. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any sale transaction as long as Rexel's Supervisory Board considers that taking part in the latter would go against Rexel's corporate purpose.

The Cooperation Agreement will expire on April 4, 2017.

8.1.6 Dividend policy

After the prior authorization of the Supervisory Board, the Management Board may propose a dividend distribution to the shareholders' meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel has distributed the following dividends in respect of the last three financial years:

YEAR	TOTAL DIVIDEND	DIVIDEND PER SHARE
2011	€173,456,613.20	€0.65
2012	€203,138,199.75	€0.75
2013	€211,250,259.00*	€0.75*

* Amount submitted to the approval of the Shareholders' Meeting.

Rexel offered its shareholders the opportunity to opt for a payment in shares or in cash of the dividend paid in respect of the financial year ended December 31, 2012. The option was open from May 31, 2013 until June 21, 2013. For the payment in shares, the issue price of the new Rexel shares had been set at €14.59 per share. Upon expiry of the exercise period, 201,416,498 coupons had been exercised in favour of a payment in shares. The option for a dividend payment in shares resulted in the creation of 10,287,149 new shares, representing 3.77% of the share capital and voting rights of Rexel, on the basis of the outstanding shares as at June 28, 2013, *i.e.* 272,768,024 shares.

In accordance with the provisions of law n°2011-894 of July 28, 2011, Rexel, in relation to the dividend paid in 2013 in respect of 2012, paid a profit-sharing bonus in a maximum gross amount of €150 to the eligible employees within the Rexel Group. In parallel, eligible employees have been offered the ability to pay €150 in the Rexel Group savings plan *(Plan d'Épargne Groupe)* in a portfolio invested in Rexel securities and to benefit, by making this payment, from a gross contribution *(abondement)* paid by their respective employers in a gross amount of €250.

8.2 Share capital

8.2.1 Subscribed share capital and authorized but unissued share capital

As of December 31, 2013, Rexel's share capital amounted to €1,416,686,070, divided into 283,337,214 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

As of December 31, 2012, Rexel's share capital amounted to €1,359,616,145, divided into 271,923,229 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

The ordinary and extraordinary shareholders' meetings held on May 16, 2012 and May 22, 2013 granted various authorizations to the Management Board, which used such powers and authorizations as described below. In addition, at its meeting held on February 6, 2014, the Management Board decided to submit to the approval of the Shareholders' Meeting the following projects of delegations and authorizations:

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 16, 2012 (resolution 26)	26 months (July 15, 2014)	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €800,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of shares and/or debt securities	Deduction of: – Allocation of free shares of July 26, 2012: 243,080 shares; – Allocation of free shares of November 23, 2012 (Opportunity 12): 145,634 shares – Share capital increase of November 23, 2012 (Opportunity 12): 337,465 shares, *i.e.* €1,687,325 – Share capital increase of March 14, 2013 (Opportunity 12 – UK): 45,953 shares, *i.e.* €229,765 – Allocation of free shares of April 30, 2013: 2,574,729 shares, *i.e.* €12,873,645 – Allocation of free shares of July 25, 2013: 78,410 shares, *i.e.* €392,050 – Share capital increase of November 26, 2013 (Opportunity 13): 237,210 shares, *i.e.* €1,186,050 – Allocation of free shares of November 26, 2013 (Opportunity 13): 94,289 shares, *i.e.* €471,445	22	26 months	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €1,500,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of shares and/or debt securities

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuance with upholding of preferential subscription rights (continued)				– Share capital increase of December 27, 2013 (Opportunity 13 – China): 19,541 shares, *i.e.* €97,705 – Allocation of free shares of December 27, 2013 (Opportunity 13 – China): 10,380 shares, *i.e.* €51,900 – Share capital increase of March 13, 2014 (Opportunity 13 - UK) : 35,151 shares, *i.e.* €175,755 Balance: €780,890,790			
Issuance by way of public offering with cancellation of the preferential subscription right	May 16, 2012 (resolution 27)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26	NA	23	26 months	Shares: €280,000,000 (*i.e.* 56,000,000 shares) Debt securities: €1,000,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 22
Issuance by way of offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right	May 16, 2012 (resolution 28)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26	NA	24	26 months	Shares: €280,000,000 (*i.e.* 56,000,000 shares) Debt securities: €1,000,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 22
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	May 16, 2012 (resolution 29)	26 months (July 15, 2014)	15% of initial issuance This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26	NA	25	26 months	15% of initial issuance This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 22

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	**DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)**	**DURATION (EXPIRY DATE)**	**MAXIMUM AUTHORIZED AMOUNT**	**UTILIZATION**	**RESOLUTION N°**	**DURATION**	**MAXIMUM AMOUNT**
Determination of price of issuances carried out by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10 % of the share capital per year	May 16, 2012 (resolution 30)	26 months (July 15, 2014)	10% of the share capital on the date of the decision of the Management Board determining the offering price per 12-month period This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26	NA	26	26 months	10% of the share capital on the date of the decision of the Management Board determining the offering price per 12-month period This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 22
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 16, 2012 (resolution 35)	26 months (July 15, 2014)	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 26	NA	29	26 months	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 22
Issuance in consideration for shares contributed under a public exchange offering	May 16, 2012 (resolution 36)	26 months (July 15, 2014)	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount is deductible from the maximum amount provided under resolution 26	NA	30	26 months	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount is deductible from the maximum amount provided under resolution 22
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 16, 2012 (resolution 37)	26 months (July 15, 2014)	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from the maximum amount provided under resolution 26	NA	31	26 months	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from the maximum amount provided under resolution 22
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 22, 2013 (resolution 14)	18 months (November 21, 2014)	10% of the share capital on the date of cancellation by 24-month period	NA	21	18 months	10% of the share capital on the date of cancellation by 24-month period

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
STOCK-OPTIONS, FREE SHARE ALLOCATIONS AND EMPLOYEE SAVINGS PLAN							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 22, 2013 (resolution 16)	26 months (July 21, 2015)	2% of the share capital on the date of the decision of the Management Board This maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 Issuances carried out on the basis of resolution 17 should be deducted from this maximum amount	– Share capital increase of November 26, 2013 (Opportunity 13): 237,210 shares, *i.e.* €1,186,050 – Share capital increase of December 27, 2013 (Opportunity 13 – China): 19,541 shares, *i.e.* €97,705	27	26 months	2% of the share capital on the date of the decision of the Management Board This maximum amount is deductible from the maximum amount provided under resolution 22 Issuances carried out on the basis of resolution 28 should be deducted from this maximum amount
Issuances reserved to certain categories of beneficiaries in order to implement employee shareholding transactions	May 22, 2013 (resolution 17)	18 months (November 21, 2014)	1% of the share capital on the date of the decision of the Management Board This maximum amount shall be deducted from the 2% maximum amount of resolution 16 on company savings and from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012	Share capital increase of March 13, 2014 (Opportunity 13 - UK) : 35,151 shares, *i.e.* €175,755	28	18 months	1% of the share capital on the date of the decision of the Management Board This maximum amount shall be deducted from the 2% maximum amount of resolution 27 on company savings and from the maximum amount provided under resolution 22
Free allocations of ordinary shares	May 22, 2013 (resolution 15)	26 months (July 21, 2015)	2.5% of the share capital on the date of the decision of the Management Board This maximum amount should be deducted from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012	– Allocation of free shares of July 25, 2013: 78,410 shares, *i.e.* €392,050 – Allocation of free shares of November 26, 2013 (Opportunity 13): 94,289 shares, *i.e.* €471,445 – Allocation of free shares of December 27, 2013 (Opportunity 13 – China): 10,380 shares, *i.e.* €51,900	–	–	–

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
BUY-BACK BY REXEL OF ITS OWN SHARES							
Shares repurchases	May 22, 2013 (resolution 12)	18 months (November 21, 2014)	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €22	Utilization under the Natixis liquidity contract for market-making purposes	18	18 months	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €30

8.2.2 Securities not representative of share capital

As of the date of this *Document de Référence*, Rexel has not issued any securities not representing share capital.

8.2.3 Treasury shares and purchase by Rexel of its own shares

Information on the share repurchase plan approved by the shareholders' meeting of May 22, 2013

- Characteristics of the share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 22, 2013 authorized the Management Board, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code and in accordance with articles 241-1 to 241-6 of the French financial markets authority (AMF) general rules, and Regulation n°2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10% of Rexel's share capital.

The characteristics of this repurchase plan are as follows:

RELEVANT SECURITIES	SHARES
Maximum percentage of share capital that may be repurchased	10% (being specified that the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution may not exceed 5% of Rexel's share capital)
Maximum number of securities that may be purchased	28,333,721 shares (*i.e.* 10% of the share capital at December 31, 2013)
Aggregate maximum amount of the plan	€250 million
Maximum price per share	€22
Duration of the plan	18 months, *i.e.* until November 21, 2014

The objectives of the plan, in order of highest to lowest priority, are the following:

– ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter ;

– setting up any stock option plan for Rexel in accordance with, *inter alia*, articles L.225-117 *et seq.* of the French Commercial Code, any allocations of free shares in connection with, *inter alia*, Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code or in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations, allotments or sales of shares, particularly in connection with profit sharing plans or employee shareholding plans in favour of group employees other than under a savings plan, in particular for the purpose of a "Share Incentive Plan" in the United Kingdom, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;

– retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;

– granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;

– cancelling all or part of the shares so repurchased;

– any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel may pursue the implementation of its share repurchase plan, in compliance with the applicable legal and regulatory provisions.

• Share repurchases carried out by Rexel during the financial year ended December 31, 2013

Overview

During the financial year ended December 31, 2013, Rexel purchased 3,825,076 shares at an average price of €17.6212 and for a total cost of €67,402,527.97, representing 1.35% of Rexel's share capital. These shares were acquired for market-making purposes under a liquidity contract (described below).

Transactions carried out by Rexel on its own shares for the year ended December 31, 2013 mainly consisted of:

Number of shares cancelled during the last 24 months	0
Number of shares held by Rexel as treasury shares as of December 31, 2013, including:	1,670,202
– liquidity contract entered into with Natixis (described below)	155,621
– shares held to be delivered to employees	1,514,581
Percentage of capital directly or indirectly held by Rexel as of December 31, 2013	0.59%
Book value of the treasury shares	€22,148,790.02
Market value of the treasury shares as of December 31, 2013	€31,859,103.15

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2013.

Breakdown by objective

Rexel implemented the share repurchase plan approved by Rexel's shareholders' meeting of May 22, 2013 under a liquidity contract entered into with Natixis that complies with the AMF ethics charter.

During the financial year ended December 31, 2013, 3,825,076 shares of Rexel were acquired by Natixis pursuant to the liquidity contract, at an average price of €17.6212, and 3,946,712 shares of Rexel were sold by Natixis pursuant to the liquidity contract, at an average price of €17.7127.

The trading costs borne by Rexel in connection with these purchases amount to €53,820 (including taxes) in 2013.

As of December 31, 2013, Rexel held 155,621 treasury shares under the liquidity contract entered into with Natixis, with a par value of €5 each, acquired at an average price of €18.3015, representing an aggregate purchase value of €2,848,103.61, representing 0.05% of the share capital of Rexel.

At December 31, 2013, Rexel also held 1,514,581 treasury shares, representing 0.54% of the share capital of Rexel, previously acquired and held to be delivered to employees under the free shares plans put in place by the Management Board of Rexel.

Information on the share repurchase plan submitted to the approval of the shareholders' meeting

At its meeting of February 6, 2014, the Management decided to submit a resolution to the Shareholders' Meeting authorizing it, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, of articles 241-1 to 241-6 of the General Regulation of the *Autorité des marchés financiers* and of Regulation n°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased a maximum number of Rexel shares, representing up to 10% of Rexel's share capital.

- Objectives of the share repurchase plan

The objectives of the plan, in order of highest to lowest priority, would be the following:

– ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter ;

– setting up any stock option plan for Rexel in accordance with, *inter alia*, articles L.225-117 *et seq.* of the French Commercial Code, any allocations of free shares in connection with, *inter alia*, Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code or in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any granting, allocation or transfer of shares in particular in connection with profit sharing plans or in connection with a shareholding plan to the benefit of the group employees set up outside of an employee savings plan, in particular for the needs of a "Share Incentive Plan" in the United Kingdom, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;

– retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;

– granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;

– cancelling all or part of the shares so repurchased;

– any other action that is or will become permitted or accepted by French law or the AMF or any purpose that may comply with the regulations in force.

- Terms of the share repurchase plan

Maximum portion of share capital subject to purchase authorization

The Management Board would be authorized to purchase or cause to be purchased a maximum number of Rexel shares representing up to 10% of Rexel's share capital.

Furthermore, the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution transaction could not exceed 5% of Rexel's share capital.

In accordance with article L.225-209 paragraph 2 of the French Commercial Code, when the shares are repurchased in order to encourage liquidity under the conditions defined by the General Regulation of the *Autorité des marchés financiers*, the number of shares taken into consideration for the calculation of the 10% limitation provided under the first paragraph of article L.225-209 shall be equal to the number of shares purchased, less the number of shares subsequently sold back during the authorization period.

In accordance with article L.225-210 of the French Commercial Code, the number of shares held by Rexel on any given may not exceed 10% of the shares comprised in the share capital of Rexel on the given date.

Considering that, as at December 31, 2013, Rexel was holding 1,670,202 of its shares representing 0.59% of Rexel's share capital, the maximum number of Rexel shares capable of being repurchased represents, as at December 31, 2013, 9.41% of Rexel's share capital, *i.e.*, 26,662,031 Rexel shares.

Maximum purchase price

The maximum purchase price per share would be set at €30, it being specified that in the event of a share capital transaction, including by way of a capitalization of reserves and free share allocation, share split or reverse share split, such price would be adjusted accordingly.

Maximum amount

The maximum amount allotted to the implementation of the share repurchase plan would amount to €250 million.

Terms of purchase and sale

The acquisition, sale or transfer of shares could be effected or paid for by all means, on the market or over the counter, including by means of block trade transactions or public offers, optional mechanisms, derivative instruments, purchases of options or securities, in compliance with applicable regulations.

In the event of a public offer for Rexel's securities fully paid for in cash, Rexel would not be able to pursue the implementation of its share repurchase plan.

Duration of the share repurchase plan

The repurchase plan would have a duration of 18 months as from the shareholders' meeting, *i.e.* until November 22, 2015.

8.2.4 Other securities conferring access to the share capital

8.2.4.1 Subscription or purchase options for Rexel shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

8.2.4.2 Allocation of free shares

Rexel has granted free shares to certain employees and officers of the Rexel Group in accordance with the terms set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

8.2.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up

Not applicable.

8.2.6 Share capital of Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option

Not applicable.

8.2.7 Changes in share capital

The table below shows changes in the share capital of Rexel from December 16, 2004, the date on which Rexel was created, until December 31, 2012.

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
December 16, 2004	Incorporation	8,500	–	NA	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	NA	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	NA	624,793,690	62,479,369	10
June 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	NA	627,837,730	62,783,773	10
October 28, 2005	Share capital increase in cash to the benefit of Rexop S.A.S.	262,001	2,620,010	NA	630,457,740	63,045,774	10
April 4, 2007	Exercise by Rexdir S.A.S. and Rexop S.A.S. of share subscription warrants (BSA) issued by Rexel	1,518,854	15,188,540	NA	645,646,280	64,564,628	10
April 4, 2007	Absorption of Rexdir S.A.S. and Rexop S.A.S. by Rexel	2,085,259	20,852,590	0	666,498,870	66,649,887	10

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
April 4, 2007	Cancellation of treasury shares in the context of the merger	2,085,259 shares cancelled	20,852,590 (amount of share capital increase cancelled)	NA	Share capital decrease of 645,646,280	Cumulative number of shares reduced to 64,564,628	10
April 4, 2007	Division of the nominal value of shares	64,564,628	NA	NA	645,646,280	129,129,256	5
April 4, 2007	Share capital increase reserved for Ray Investment	63,813,323	319,066,615	733,853,214.5	964,712,895	192,942,579	5
April 11, 2007	Share capital increase in cash by public offering	60,606,060	303,030,300	696,969,690	1,267,743,195	253,548,639	5
April 18, 2007	Share capital increase reserved for employees	1,436,874	7,184,370	12,082,078	1,274,927,565	254,985,513	5
April 18, 2007	Share capital increase reserved for BNP Paribas Arbitrage SNC	1,008,314	5,041,570	8,268,174,8	1,279,969,135	255,993,827	5
April 14, 2009	Share capital increase following the vesting of free shares	2,151,817	10,759,085	NA	1,290,728,220	258,145,644	5
October 30, 2009	Share capital increase following the vesting of free shares	7,474	37,370	NA	1,290,765,590	258,153,118	5
Exercise of share subscription options in 2009 (acknowledged by a decision of the Management Board of January 8, 2010)	Share capital increase further to the exercise of share subscription options	66,900	334,500	NA	1,291,100,090	258,220,018	5
Exercise of share subscription options in January and February 2010 (acknowledged by a decision of the Management Board of March 16, 2010)	Share capital increase further to the exercise of share subscription options	1,215,658	6,078,290	NA	1,297,178,380	259,435,676	5
Exercise of options between March 1, 2010 and April 30, 2010 (acknowledged by a decision of the Management Board of May 20, 2010)	Share capital increase further to the exercise of share subscription options	38,666	193,330	NA	1,297,371,710	259,474,342	5
Exercise of options between May 1, 2010 and May 31, 2010 (acknowledged by a decision of the Management Board of June 24, 2010)	Share capital increase further to the exercise of share subscription options	5,001	25,005	NA	1,297,396,715	259,479,343	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
June 24, 2010	Share capital increase further to the vesting of free shares	146,031	730,155	NA	1,298,126,870	259,625,374	5
Exercise of options between June 1, 2010 and August 30, 2010 (acknowledged by a decision of the Management Board of August 31, 2010)	Share capital increase further to the exercise of share subscription options	46,083	230,415	33,600	1,298,357,285	259,671,457	5
October 4, 2010	Share capital increase further to the vesting of free shares	1,732	8,660	NA	1,298,365,945	259,673,189	5
November 17, 2010	Share capital increase reserved for employees	356,123	1,780,615	1,747,137.80	1,300,146,560	260,029,312	5
Exercise of options between August 31, 2010 and December 31, 2010 (acknowledged by a decision of the Management Board of February 1, 2011)	Share capital increase further to the exercise of share subscription options	183,684	918,420	222,966	1,301,064,980	260,212,996	5
April 21, 2011	Share capital increase further to the vesting of free shares	2,590,621	12,953,105	NA	1,314,018,085	262,803,617	5
May 12, 2011	Share capital increase further to the vesting of free shares	268,416	1,342,080	NA	1,315,360,165	263,072,033	5
June 30, 2011	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting May 19, 2011	5,376,107	26,880,535	59,137,177	1,342,240,700	268,448,140	5
Exercise of options between January 1, 2011 and June 30, 2011 (acknowledged by a decision of the Management Board of July 21, 2011)	Share capital increase further to the exercise of share subscription options	327,652	1,638,260	1,215,684	1,343,878,960	268,775,792	5
October 31, 2011	Share capital increase further to the vesting of free shares	24,467	122,335	NA	1,344,001,295	268,800,259	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
February 2, 2012	Share capital increase further to the exercise of share subscription options	19,500	97,500	2,100	1,344,098,795	268,819,759	5
April 12, 2012	Share capital increase further to the vesting of free shares	55	275	NA	1,344,099,070	268,819,814	5
May 14, 2012	Share capital increase further to the vesting of free shares	48,788	243,940	NA	1,344,343,010	268,868,602	5
June 25, 2012	Share capital increase further to the vesting of free shares	364,440	1,822,200	NA	1,346,165,210	269,233,042	5
June 25, 2012	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 16, 2012	2,273,474	11,367,370	19,074,446.86	1,357,532,580	271,506,516	5
July 19, 2012	Share capital increase further to the exercise of share subscription options	36,336	181,680	10,350	1,357,714,260	271,542,852	5
October 2, 2012	Share capital increase further to the vesting of free shares	13,226	66,130	NA	1,357,780,390	271,556,078	5
November 23, 2012	Share capital increase reserved for employees	337,465	1,687,325	NA	1,359,467,715	271,893,543	5
February 5, 2013	Share capital increase further to the exercise of share subscription options	29,600	148,000	12,300	1,359,615,715	271,923,143	5
February 5, 2013	Share capital increase further to the vesting of free shares	86	430	NA	1,359,616,145	271,923,229	5
March 14, 2013	Share capital increase reserved for employees	45,953	229,765	485,033.91	1,359,845,910	271,969,182	5
May 13, 2013	Share capital increase further to the vesting of free shares	788,642	3,943,210	NA	1,363,789,120	272,757,824	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
July 2, 2013	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 22, 2013	10,287,149	51,435,745	98,653,758.91	1,415,224,865	283,044,973	5
July 22, 2013	Share capital increase further to the exercise of share subscription options	10,200	51,000	7,800	1,415,275,865	283,055,173	5
August 19, 2013	Share capital increase further to the vesting of free shares	166	830	NA	1,415,276,695	283,055,339	5
October 14, 2013	Share capital increase further to the vesting of free shares	1,048	5,240	NA	1,415,281,935	283,056,387	5
November 26, 2013	Share capital increase reserved for employees	237,210	1,186,050	2,259,670.65	1,416,467,985	283,293,597	5
December 27, 2013	Share capital increase reserved for employees	19,541	97,705	182,512.94	1,416,565,690	283,313,138	5

8.2.8 Pledges, guarantees and security interests

As of the date of this *Document de Référence* and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

8.3 By-laws *(Statuts)*

The by-laws *(statuts)* have been drawn up in accordance with the provisions applicable to a French *société anonyme* with a Management Board and a Supervisory Board. The main stipulations described below are drawn from the by-laws of Rexel as updated following the decisions of Rexel's Combined Ordinary and Extraordinary Shareholders' Meeting of May 22, 2013 and of the Management Board of February 6, 2014.

8.3.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- to acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- to provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- to acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights; and

more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

8.3.2 Management and supervisory bodies (articles 14 to 25 of the by-laws)

8.3.2.1 Management Board (articles 14 to 18 of the by-laws)

• Appointment (article 14 of the by-laws)

Rexel is managed by a Management Board made up of a minimum of two members and a maximum of five members who are appointed by the Supervisory Board.

Management Board members are not required to be shareholders. They must be individuals.

No member of the Supervisory Board may sit on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his/her term of office on the Supervisory Board ends as soon as he/she assumes his/her duties on the Management Board. No person may be appointed as member of the Management Board unless he/she complies with the rules on holding multiple offices, conflicts of interest or disqualification or prohibitions as provided by law.

Management Board members are appointed for a term of four years by the Supervisory Board, which is responsible for filling any vacancies, in accordance with the law.

Management Board members may be re-elected.

No member of the Management Board may be over 65 years of age. A Management Board member is deemed to have resigned automatically at the end of the last meeting of the Supervisory Board in the financial year during which he/she reaches this age.

Management Board members are not required to own shares of Rexel.

Any member of the Management Board may be linked to Rexel by an employment agreement, which will remain effective throughout his/her term of office and after the expiration thereof.

• Dismissal (article 14 of the by-laws)

Any member of the Management Board may be dismissed by a shareholders' meeting or by the Supervisory Board. If such dismissal is without due cause, it may result in the payment of damages.

Dismissal of a Management Board member shall not result in termination of any employment agreement between such member and Rexel or one of its subsidiaries.

• Chairman of the Management Board – General management (article 15 of the by-laws)

The Supervisory Board appoints a member of the Management Board to serve as Chairman.

The Chairman serves in this capacity throughout his term of office as Management Board member.

The Chairman of the Management Board represents Rexel in its relationships with third parties.

The Supervisory Board may grant the same powers of representation to one or more Management Board members, who then have the title of managing directors *(directeurs généraux)*.

The Supervisory Board may dismiss the Chairman and cancel any powers of representation granted to any Management Board member.

• Powers and responsibilities of the Management Board (article 16 of the by-laws)

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

Management Board members may, with the Supervisory Board's authorization, divide management responsibilities among themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

The Management Board may assign special missions to one or more of its members or to any person who is not a member, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers as it deems appropriate.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may at any time request that the Management Board submit a report on its management and on ongoing operations. This report may, at the Supervisory Board's request, be supplemented by an interim financial position of Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews the half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, for violations of the provisions of the legal provisions governing sociétés anonymes, for violations of the by-laws, or for negligence in their management, under the conditions and subject to the penalties provided by law.

• Deliberations of the Management Board (article 17 of the by-laws)

The Management Board's meetings are convened by its Chairman, whenever the best interests of Rexel so require, at the registered office or at any other location specified in the meeting notice. The agenda may be set at the time of the meeting if all members are present. Notices of meeting may be given in any way, including verbally.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of at least half of Management Board members in attendance.

Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

The Management Board members may draw up Rules of Procedure to govern all issues in relation to the operations of the Management Board that are not covered by the by-laws. These Management Board Rules of Procedure may, in particular, set out the conditions for participating and voting in Management Board meetings held by videoconferencing or other means of telecommunication. In this case, Management Board members who participate in Management Board meetings by videoconferencing or any other form of telecommunications shall be considered to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

• Compensation of Management Board members (article 18 of the by-laws)

The Supervisory Board determines the method and amount of compensation paid to each Management Board member. Such remuneration may be fixed or proportionate, or both fixed and proportionate.

8.3.2.2 Supervisory Board (articles 19 to 25 of the by-laws)

• Members (article 19 of the by-laws)

The Supervisory Board is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a maximum term of four years. As an exception, the duties of current members of the Supervisory Board, the term of office of whom has been set to 5 years, shall run until their initial expiry date.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The mandate of the persons so designated will end by sunset on the date fixed by the unanimous decision of the Supervisory Board or on the date fixed by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a Supervisory Board member in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Supervisory Board become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Supervisory Board may co-opt one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

If the appointment of co-opted members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately convene an ordinary shareholders' meeting to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on combining offices, conflicts of interests or disqualification or prohibitions as provided by law.

The number of Supervisory Board members who are linked to Rexel by an employment agreement may not exceed one third of the Supervisory Board members in office.

• Shares held by Supervisory Board members (article 20 of the by-laws)

Supervisory Board members shall not be required to own any share in Rexel.

• Officers of the Supervisory Board (article 21 of the by-laws)

The Supervisory Board shall elect from among its members who are individuals a Chairman and a Deputy

Chairman who shall serve in this capacity for the duration of their term of office as Supervisory Board member, unless the Supervisory Board decides to appoint a new Chairman or Deputy Chairman.

The Chairman of the Supervisory Board convenes meetings of the Supervisory Board and oversees its deliberations.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

The Supervisory Board also appoints a secretary who is not required to be a Supervisory Board member and who serves as an officer of the Board, alongside the Chairman and Deputy Chairman.

Failing this, the Supervisory Board appoints one of its members to chair the meeting.

The Chairman, Deputy Chairman and Secretary may be re-elected.

• Deliberations of the Supervisory Board (article 22 of the by-laws)

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Supervisory Board, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Supervisory Board. However, when all Supervisory Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, the Chairman of the Supervisory Board is required to convene a meeting of the Supervisory Board to be held no later than fifteen days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the persons requesting the meeting may convene the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues.

In accordance with the applicable regulations, the Supervisory Board will draw up Rules of Procedure defining the methods of participating and voting at Supervisory Board meetings held by videoconference or any other forms of telecommunication.

Provided that the Supervisory Board Rules of Procedure so allow, Supervisory Board members who attend Supervisory Board meetings by videoconference or any other forms of telecommunication shall be deemed to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting shall have a casting vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members in office and only during meetings chaired by the Chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any Supervisory Board members who attended the meeting by videoconference or other forms of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the Chairman of Supervisory Board, the Deputy Chairman, a Board member or an authorized representative.

• Powers of the Supervisory Board (article 23 of the by-laws)

The Supervisory Board exercises ongoing control over the Management Board's management of Rexel. It carries out such verifications and controls as it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

In accordance with legal requirements, the Supervisory Board gives the Management Board prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The following decisions are subject to prior authorization by the Supervisory Board:

– adoption of the annual budget;

– adoption of the strategic plan;

– appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);

– proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to the shareholders;

– proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the statutory auditors;

– approval of significant changes in accounting methods;

– acceptance of and resignation from any duties as a member of a board of directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such board of directors or equivalent body;

– proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;

– proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;

– the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board;

– the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;

– borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;

– awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries;

– entering into merger, spin-off or asset transfer agreements;

– admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market;

– any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries;

– any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

The Supervisory Board submits to the ordinary shareholders' meeting its comments on the Management Board's report and on the annual financial statements.

The Supervisory Board may appoint, from amongst its members, one or more special committees, for which it determines the members and responsibilities, and which operate under its responsibility; however, such responsibilities shall not result in delegating to a committee any powers vested in the Supervisory Board by law or by the by-laws, nor shall they reduce or limit the powers of the Management Board.

The rules of operation of such committees are determined by the Supervisory Board Rules of Procedure and set out in the Rules of Procedure, if any, drawn up by each committee and approved by the Supervisory Board.

• Compensation of the Chairman, the Deputy Chairman, members and officers of the Supervisory Board (article 24 of the by-laws)

The ordinary shareholders' meeting may allocate attendance fees to the Supervisory Board members; the amount of such fees is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be fixed or proportionate, or both fixed and proportionate.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to Supervisory Board members, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

- Liability (article 25 of the by-laws)

Supervisory Board members are liable for any personal negligence in the performance of their duties. They do not incur any liability as a result of management actions and the results thereof.

8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form.

The Rexel shares are registered on a securities account under the terms and conditions provided for by law.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

8.3.4 Changes to shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

8.3.5 Shareholders' meetings (articles 27 to 35 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

8.3.5.1 Notices of meetings (article 28 of the by-laws)

Shareholders' meetings are convened by the Management Board, within the time periods and under the conditions set forth by law. They may also be convened by the Supervisory Board, or by any person authorized for this purpose by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

8.3.5.2 Agenda (article 29 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Supervisory Board members and appoint their replacements.

8.3.5.3 Access to shareholders' meetings (article 30 of the by-laws)

The right to participate in shareholders' meetings is subject to the following conditions:

- for holders of registered shares, the shares must be registered in the shareholder's name in Rexel's books at least three (3) business days before the date of the shareholders' meeting;
- for holders of bearer shares, a certificate of attendance from an authorized intermediary must be filed under the conditions provided for by law, within three (3) business days before the date of the shareholders' meeting.

A shareholder may be represented by another shareholder, by his or her spouse or by his or her civil solidarity pact (PACS) partner. Furthermore, a shareholder may be represented by any other legal entity of individual of his / her choice:

(i) where the Rexel shares are admitted to trading on a regulated market;

(ii) where the Rexel shares are admitted to trading on a multilateral trading facility that complies with the legal and regulatory provisions aiming at protecting investors against insider trading, price manipulation and the dissemination of false information in accordance with the conditions laid down in the General Regulation of the *Autorité des marchés financiers*, appearing on a list drawn up by the AMF in accordance with the terms of its General Regulation.

The proxy, as well as the withdrawal of the proxy, if applicable, must be in writing and notified to the Company, in accordance with the provisions laid down by law.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French civil code.

If the Management Board so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another form of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by videoconference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

8.3.5.4 Attendance sheet – officers of the meeting – minutes of meetings (article 31 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialled by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman of the Board, or by a Supervisory Board member specially authorized for this purpose.

If the shareholders' meeting is convened by the statutory auditor or auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

8.3.5.5 Quorum – Voting – Number of votes (article 32 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

8.3.5.6 Ordinary shareholders' meetings (article 33 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.7 Extraordinary shareholders' meetings (article 34 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.8 Shareholders' right to information (article 35 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

8.3.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

Agreements entered into by Rexel's shareholders are described in paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 20.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

8.3.7.1 Ownership threshold disclosures (article 11 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

8.3.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholder base in accordance with applicable laws. In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws)

Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law. The extraordinary shareholders' meeting may also decide to carry out stock splits or reverse splits.

8.4 Other elements that may have an impact in case of tender offer

8.4.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, the employees' investments are carried out in certain jurisdiction through mutual funds *(fonds commun de placement)*. The *"Rexel Actionnariat Classique France"* and the *"Rexel Actionnariat Classique International"* funds have been created in this context.

Each of these funds has a supervisory board, the main powers of which are as follows:

- it reviews the management report and financial statements of the fund, the financial, administrative and accounting management and adopts its annual report;
- it exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respects, appoints one or several representatives of the fund at the Rexel shareholders' meetings;
- it may submit resolutions at Rexel shareholders' meetings;
- it grants its prior agreement to certain amendments to the rules of the fund: change of management company, dissolution, merger/demerger, change in the orientations of management and classification;
- it may take legal action to defend or enforce the rights or interests of its shareholders.

Decisions of the supervisory board of the fund are approved by a majority of votes of the members present or represented. In the event of a tie, the Chairman of the meeting has a casting vote.

The means available for the supervisory board to support its decisions and carry out its duties are as follows: organization of telephone conferences, if applicable, beyond the formal scope of the meetings, various information provided by Rexel, in order to assess the economic and financial position of the Rexel Group and its outlook; information provided by the management company.

The representatives of the holders of shares at the supervisory board of the French and International funds have been fully informed of the launch of the 2013 shareholding plan.

8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- the Senior Credit Agreement (see note 20.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*);
- the 2011, 2012 and 2013 senior Bonds (see note 20.1.2 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*);
- the €45 million bilateral facility agreement entered into with Bayerische Landes Bank on September 2, 2013 (see note 20.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

8.5 Material agreements

During the last two years, the Rexel Group's companies have been parties to the following material agreements: the various financings obtained by the Rexel Group companies (see note 20.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

8.6 Documents available to the public

8.6.1 Legal documents

During the period of validity of this *Document de Référence*, the following documents, or a copy thereof, may be consulted:

- Rexel's by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements made by an expert at the request of Rexel, any part of which is included or referred to in this *Document de Référence*; and
- the historical financial information of Rexel and its subsidiaries for each of the three financial years prior to publication of this *Document de Référence*.

All of the above legal and financial documents in relation to Rexel and that must be made available to the shareholders in accordance with the applicable regulations may be consulted at the registered office of Rexel.

8.6.2 2013 annual financial report

A correlation table between the annual financial report and this *Document de Référence* is set out in chapter 10 "Correlation Tables" of this *Document de Référence*.

8.7 Person responsible for the *Document de Référence*

8.7.1 Person responsible for the *Document de Référence*

Rudy Provoost, Chairman of the Management Board of Rexel.

8.7.2 Responsibility statement

I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this *Document de Référence* reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the management report, comprising the chapters referred to in paragraph 9.1.1 of this *Document de Référence* provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the statutory auditors a letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this document and read the entire document.

The consolidated financial statements for the year ended December 31, 2012 set forth in the *Document de Référence* for the year ended December 31, 2012 filed with the *Autorité des marchés financiers* on March 13, 2013 under number D.13-0130 have been the subject of a report of the auditors, set forth in section 5.2 of the said *Document de Référence*, which contains the following note:

"Without qualifying our opinion, we draw your attention to note 2.2.1 to the consolidated financial statements which sets out the change in accounting policy related to the early adoption of the amendment to IAS 19 "Employee benefits"."

Rudy Provoost
Chairman of the Management Board of Rexel
Paris, March 20, 2014

8.7.3 Person responsible for financial communication

Marc Maillet
Vice President, Investors Relations

Address: 189-193, boulevard Malesherbes, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

8.7.4 Indicative financial information timetable

Financial information reported to the public by Rexel will be available on the Rexel website (www.rexel.com).

For indicative purposes only, Rexel's financial information timetable up to December 31, 2014, should be as follows:

Q1, 2014 results	April 30, 2014
Shareholders' meeting	May 22, 2014
H1, 2014 results	July 30, 2014
Q3, 2014 results	October 29, 2014

8.8 Statutory Auditors

8.8.1 Principal Statutory Auditors

– Ernst & Young Audit
  Represented by Philippe Diu
  Tour Ernst & Young
  Faubourg de l'Arche
  92037 Paris La Défense Cedex

Ernst & Young Audit was appointed principal statutory auditor on the date of incorporation of Rexel on December 16, 2004. Its duties were renewed by Rexel's shareholders' meeting of May 20, 2010 for a term of six years expiring at the end of the shareholder's meeting which is to approve the financial statements for the financial year ending December 31, 2015.

Ernst & Young is a member of the regional body of statutory auditors of Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

– PricewaterhouseCoopers Audit
  Represented by Christian Perrier
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed principal statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years, in replacement of KPMG Audit. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2017.

PricewaterhouseCoopers Audit is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

8.8.2 Deputy Statutory Auditors

– Auditex
11 allée de l'Arche
92400 Courbevoie

Auditex was appointed deputy statutory auditor by the shareholders' meeting of Rexel of May 20, 2010 for a term of six years which is to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2015.

– Anik Chaumartin
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Anik Chaumartin was appointed deputy statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years. Her appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2017.

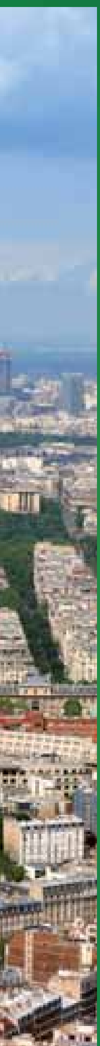
8.8.3 Fees paid to Statutory Auditors

The table below sets forth the fees paid to PricewaterhouseCoopers Audit and Ernst & Young Audit for services performed during 2013 and 2012:

	PRICEWATERHOUSECOOPERS AUDIT				ERNST & YOUNG AUDIT			
	AMOUNT		%		AMOUNT		%	
(in millions of euros)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
AUDIT SERVICES								
Auditor fees and fees for other Audit work (1)								
Issuer	0.5	0.5	17.2%	17.9%	0.5	0.5	13.8%	14.1%
Consolidated entities	1.9	1.9	65.5%	67.9%	2.8	2.6	73.0%	70.7%
Sub-total (1)	**2.4**	**2.4**	**82.8%**	**85.7%**	**3.3**	**3.1**	**86.8%**	**84.9%**
Other work and services directly related to Audit work (2)								
Issuer	0.1	–	3.4%	–	0.3	0.2	6.6%	6.0%
Consolidated entities	0.2	0.2	6.9%	7.1%	0.2	0.3	5.1%	6.8%
Sub-total (2)	**0.3**	**0.2**	**10.3%**	**7.1%**	**0.5**	**0.5**	**11.7%**	**12.8%**
Sub-total	**2.7**	**2.6**	**93.1%**	**92.9%**	**3.8**	**3.6**	**98.5%**	**97.7%**
OTHER SERVICES (3)								
Legal, tax, social	0.2	0.2	6.9%	7.1%	0.1	0.1	1.5%	2.3%
Other	–	–	–	–	–	–	–	–
Sub-total (3)	**0.2**	**0.2**	**6.9%**	**7.1%**	**0.1**	**0.1**	**1.5%**	**2.3%**
TOTAL	**2.9**	**2.8**	**100.0%**	**100.0%**	**3.9**	**3.7**	**100.0%**	**100.0%**

Ordinary and Extraordinary Shareholders’ Meeting of May 22, 2014

9



9.1 Reports of the Management Board

9.1.1 Management Report of the Management Board

The management report of the Management Board for the financial year ended December 31, 2013, is set out in chapter 1 "Overview of the Rexel Group", 2 "Risk Factors", 3 "Corporate Responsibility", 4 "Results of Operations and Financial Position of the Rexel Group", 7 "Corporate Governance" and 8 "Additional Information" of this *Document de Référence*.

9.1.2 Report of the Management Board on the share subscription or purchase options

The report of the Management Board on transactions carried out pursuant to the provisions of articles L.225-177 *et seq.* of the French Commercial Code, by Rexel and companies and groups related to Rexel, drawn up in accordance with article L.225-184 of the French Commercial Code, is comprised in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

9.1.3 Report of the Management on the free share allocations

The report of the Management Board on the transactions carried out by Rexel pursuant to the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code, drawn up in accordance with article L.225-197-4 of the French Commercial Code, is comprised in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

9.2 Report of the Supervisory Board to the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2014

Ladies, Gentlemen,

In accordance with the provisions of article L.225-68 of the French Commercial Code, we have examined the annual and consolidated financial statements of Rexel (the **"Company"** or **"Rexel"**) for the financial year ended December 31, 2013 as presented by the Management Board as well as the management report of the Management Board relating to the business activity of the Company and the Group, of which the Company is the holding company (the **"Rexel Group"**) for the financial year ended December 31, 2013. We also reviewed the conclusions of the Audit Committee and of those of the statutory auditors regarding the said financial statements and the said report.

The Company's annual financial statements for the financial year ended December 31, 2013 show a net profit of €267.7 million. The total balance sheet as at December 31, 2013 amounts to €5,798.4 million.

The Company's consolidated financial statements for the financial year ended December 31, 2013 show a turnover of €13,011.6 million (down 3.3% on a reported basis and down 2.7% on a constant and same-day basis), a gross margin of €3,188.5 million, an operating income of €521 million and a net income of €211 million. The total consolidated balance sheet as at December 31, 2013 amounts to €10,541.9 million.

The annual financial statements and the consolidated financial statements of the Company for the financial year ended December 31, 2013 and the management report of the Management Board do not give rise to any particular comments on our part.

During the financial year 2013, we have kept abreast on a regular basis of the general conduct of business and of the activity of the Company and of the Rexel Group, and we have carried out, as part of our supervisory role, the verifications and controls that we deemed necessary, in compliance with the applicable legal and statutory provisions. The Supervisory Board and the Audit Committee, the Appointment Committee, the Compensation Committee and the Strategic Committee have continued to work closely with the Management Board.

During the financial year ended December 31, 2013, the activity of the Rexel Group was marked in particular by the following events:

- Catherine Guillouard was appointed as member of the Management Board in replacement of Michel Favre;
- in the context of the gradual decrease of the shareholding of Ray Investment S.à r.l. into the Company's share capital, some members of the Supervisory Board resigned and the number of independent members was increased to 6 out of 10 and the number of women to 3 out of 10: François Henrot, Monika Ribar and Hendrica Verhagen have thus been appointed as independent members of the Supervisory Board. In addition, the appointment of Pier-Luigi Sigismondi, observer *(censeur)*, is submitted to the approval of the shareholder's meeting;
- the Rexel Group pursued its strategy aiming to develop its market shares;
- Rexel refinanced its senior credit facility; and
- in March 2013, Rexel issued senior bonds bearing interest at a rate of 5.125% and coming into a term in 2020 for a total amount of €650 million and senior bonds bearing interest at a rate of 5.250% and coming into a term in 2020 for a total amount of $500 million.

Furthermore, we have reviewed the draft resolutions which are submitted to your approval at the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2014.

The Supervisory Board decided to propose you moving to a new governance structure.

You will be asked to vote on a resolution proposing that Rexel's governance model changes from the current dual board structure with a Supervisory Board and Management Board to a one-tier board structure with a Board of Directors.

This proposal reflects the evolution of Rexel's shareholding structure, from a private equity-controlled company to a genuinely public company. The one-tier board structure will align Rexel's governance model with CAC 40 best practices and sector-specific benchmarks and aims at simplifying the decision making process, accelerating the implementation of the Rexel Group's strategy, reinforcing the Board of Directors' accountability and creating greater proximity between the members of the Board of Directors and the members of the Executive Committee.

In view of the evolution of the shareholding structure, the composition of the proposed Board of Directors will reflect recent efforts to increase the representation of independent non-executive directors and the number of women on the Board of Directors, in line with French regulation. The Board of Directors that will be subject to shareholder approval will consist of at least 10 members, compliant with Rexel's by-laws stipulating that the Board of Directors may comprise between 5 and 15 members, and at least 20% of the Board members will be women.

The Board of Directors would be composed of most of the current members of the Supervisory Board and of the members whose appointment is submitted to the shareholders' meeting as well as of Mr Rudy Provoost, current Chairman of the Management Board.

Rudy Provoost will be proposed as Chairman and CEO, in light of his strong contribution and performance since he joined the Management Board in October 2011 and became Chairman of the Management Board in February 2012. The other members of the current Management Board will retain their responsibilities as Executive Committee members.

In order to ensure proper governance, the Board of Directors will appoint a Referent Director. François Henrot will be proposed as Vice-Chairman and Referent Director.

The 4 specialized committees that previously supported the Supervisory Board will remain in place under the new structure. The Board of Directors will be supported by:

- The Nomination committee, whose proposed Chairman will be François Henrot,
- The Compensation Committee, whose proposed Chairman will be Patrick Sayer,
- The Strategic Committee, whose proposed Chairman will be Pier-Luigi Sigismondi,
- The Audit Committee, whose proposed Chairman will be Fritz Fröhlich.

It is thus proposed, *inter alia*:

- to approve the annual and consolidated financial statements for the financial year ended December 31, 2013 and the allocation of profit for said financial year and to provide an option for the payment of dividend in new shares;
- to authorize the related-party agreements referred to in articles L.225-86 *et seq.* of the French Commercial Code, concluded during the financial year ended December 31, 2013, in particular the pension commitments to the benefit of Catherine Guillouard;
- to approve the performance criteria relative to the deferred compensation of Catherine Guillouard as well as the performance criteria relative to the deferred compensation of Rudy Provoost, Pascal Martin and Catherine Guillouard as amended in 2014;
- to deliver, in accordance with the AFEP-MEDEF corporate governance Code, an opinion on the elements

of compensation of Rudy Provoost and of the members of the Management Board;

– to appoint Pier-Luigi Sigismondi as member of the Supervisory Board, to approve the co-option of François Henrot, Monika Ribar and Hendrica Verhagen as members of the Supervisory Board, and to renew the term of office of Hendrica Verhagen and Patrick Sayer as members of the Supervisory Board;
– to authorize the Management Board to carry out transactions on the Company's shares and to decrease the share capital of the Company by cancellation of shares acquired pursuant to any share repurchase plans;
– to determine the amount of attendance fees allocated to the members of the Supervisory Board (or to the members of the Board of Directors in case of change in the governance structure);
– to approve the transfer of the Company's registered office at 13, boulevard du Fort de Vaux, 75017 Paris;
– to grant new delegations and authorizations regarding financial matter to the Management Board which would continue to the benefit of the Board of Directors in the event of change in the Company's mode of governance, and in particular:
  (i) a delegation of authority in order to carry out a share capital increase with the upholding of the shareholders' preferential subscription right, through the issuance of ordinary shares and/or securities giving access, immediately and/or in the future, to the share capital of the Company or to debt securities,
  (ii) a delegation of authority in order to carry out the issuance, with the cancellation of the shareholders' preferential subscription right, by way of public offering, of ordinary shares and/or securities giving access, immediately and/or in the future, to the share capital of the Company or to debt securities,
  (iii) a delegation of authority in order to carry out the issuance with the cancellation of shareholders' preferential subscription right, by way of an offering as defined in article L.411-2 II of the French Monetary and Financial Code of ordinary shares and/or securities conferring access, immediately and/or in the future, to the share capital of the Company or to debt securities (*i.e.* by way of private placement(s) with persons providing investment services consisting in portfolio management for third-parties, qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf),
  (iv) a delegation of authority in order to increase the amount of the issuances with upholding or cancellation of the shareholders' preferential subscription right, in the event of oversubscriptions,
  (v) an authorization in order to set forth the price of the issuances of ordinary shares or securities realized by way of a public offering or of an offering as defined in article L.411-2 II of the French Monetary and Financial Code, with cancellation of the shareholders' preferential subscription right, within the limit of 10% of the share capital per year,
  (vi) an authorization to increase the share capital of the Company by the issuance of shares and/or securities conferring access, immediately or in the future, to the share capital of the Company with cancellation of the shareholders' preferential subscription right, reserved for employees who are members of a savings plan,
  (vii) a delegation of authority in order to increase the share capital of the Company, with cancellation of the shareholders' preferential subscription right, reserved for certain categories of beneficiaries in order to allow employees to benefit from employee shareholding;
  (viii) a delegation of powers to decide upon an increase of the share capital through the issuance, with cancellation of shareholders' preferential subscription right, of ordinary shares and/or securities conferring access to the share capital of the Company within the limit of 10% of the share capital, in consideration for contributions in kind granted to the Company,
  (ix) a delegation of authority in order to increase the share capital, with cancellation of the shareholders' preferential subscription right, through the issuance of ordinary shares and/or securities conferring access to the share capital of the Company, in consideration of the securities brought to a public exchange offering,
  (x) a delegation of authority in order to decide upon an increase of the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized,
– to amend the share capital or voting rights threshold, the crossing of which requires to notify Rexel pursuant to article 11-2 of the Company's by-laws;
– to change the Company's mode of administration and management through the creation of a Board of Directors and, consequently to acknowledge the continuation of the existing financial delegations and authorizations to the benefit of the Board of Directors and to appoint the directors of the Company.

These draft resolutions do not give rise to any particular comments on our part.

Signed in Paris
on February 12, 2014
The Supervisory Board

9.3 Report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal control

9.3.1 Report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal control for the financial year 2013

The report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal control for the financial year 2013 was drawn up pursuant to article L.225-68 of the French Commercial Code, in order to report on the conditions in which the work of the Supervisory Board is prepared and organized, and on internal control procedures implemented by Rexel within the group of which it is the holding company.

This report has been drawn up by the Chairman of the Supervisory Board in collaboration with the Group's Accounting Department, the Internal Control Department, the Internal Audit Department and the Legal Department based on the work carried out by the Rexel Group in 2013 in terms of internal control and risk management. This report was reviewed by the Audit Committee in its meeting of February 12, 2014, in presence of the representatives of the statutory auditors of Rexel, then approved by the Supervisory Board in its meeting of February 12, 2014, in presence of the representatives of the statutory auditors of Rexel.

This report is presented to you as part of the Ordinary and Extraordinary Shareholders' Meeting of Rexel to be held on May 22, 2014.

This report is comprised of this paragraph, as well as paragraph 2.3 "Internal control and risk management procedures", chapter 7 "Corporate governance", paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares", paragraph 8.1.2.6 "Allotment of free shares", paragraph 8.3 "By-laws" and paragraph 8.4 "Other elements that may have an impact in case of tender offer" of this *Document de Référence*.

Signed in Paris
on February 12, 2014
Roberto Quarta
Chairman of the Supervisory Board

9.3.2 Report of the Statutory Auditors

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Rexel

Year ended December 31, 2013

Statutory auditors' report prepared in accordance with article L.225-235 of the french commercial code *(Code de commerce)* on the report prepared by the chairman of the Supervisory Board of Rexel

To the Shareholders,

In our capacity as Statutory Auditors of Rexel, and in accordance with article L.225-235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-68 of the French Commercial Code *(Code de commerce)* for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-68 of the French Commercial Code *(Code de commerce)* in particular relating to corporate governance measures.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-68 of the French Commercial Code *(Code de commerce)*, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with article L.225-68 of the French Commercial Code *(Code de commerce)*.

Other information

We attest that the Chairman of the Supervisory Board's report sets out the other information required by article L.225-68 of the French Commercial Code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu

9.4 Resolutions submitted to the Shareholders' Meeting of May 22, 2014

9.4.1 Report of the Management Board

Report of the Management Board to the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2014

To the Shareholders,

An Ordinary and Extraordinary Meeting of the Shareholders of Rexel, a French *société anonyme* with a Management Board and a Supervisory Board, having its registered office at 13, boulevard du Fort de Vaux – 75017 Paris (**"Rexel"** or the **"Company"**) has been convened by the Management Board on May 22, 2014 at 10:00 am at the Auditorium Paris Centre Marceau, 12, avenue Marceau, 75008 Paris, in order to resolve upon the draft resolutions presented hereinafter (the **"Shareholders' Meeting"**).

In this report, we present you with the motives behind each of the resolutions being put to a vote at the Shareholders' Meeting.

1. Course of business

The course of business and the financial condition of the Company during the financial year ended December 31, 2013 are described in the *Document de Référence* of the Company.

2. Resolutions to be submitted to the Ordinary Shareholders' Meeting

2.1. Approval of the annual and consolidated financial statements (first and second resolutions)

The first and second resolutions submit to the shareholders' approval the annual and consolidated financial statements of the Company for the financial year ended December 31, 2013 as approved by the Management Board.

The annual financial statements show a profit of €267,679,377.60.

The consolidated financial statements show a profit of €211 million.

In accordance with the provisions of article 223 quarter of the French General Tax Code, the first resolution also submits to the shareholders' approval the amount of costs and expenses referred to in article 39-4 of the French General tax Code, which are not deductible from the results. For the financial year ended December 31, 2013, these costs and expenses amounted to €31,685.36. These costs and expenses represent an amount of income tax of €15,552 (at an income tax rate of 38%). These costs and expenses correspond to the non-deductible portion of the rents for the passenger cars attributed to the Company.

Rexel has not incurred any expenses referred to in article 223 quinquies of the French General Tax Code.

We suggest that you approve these resolutions.

2.2. Allocation of income – Option for the payment of the dividend in new shares (third and fourth resolutions)

Subject to the annual and consolidated financial statements as presented by the Management Board being approved by the shareholders, we submit for your approval in the third resolution the following allocation of income for the financial year ended December 31, 2013:

Origin of the income to be allocated:	
– Profits from the financial year 2013	€267,679,377.60
– Previous carry forward at December 31, 2013	€32,715,037.92
Total	**€300,394,415.52**
Allocation of profit :	
– 5% to the statutory reserve	€13,383,968.88
– Dividend	€211,250,259.00
Through a deduction from:	
• profits from the financial year 2013	€211,250,259.00
– The balance, to the carry forward account	€75,760,187.64
Total	**€300,394,415.52**

The "carry forward" account would therefore amount to €75,760,187.64.

Each of the shares making up the share capital and conferring rights to dividends, would be paid a dividend of €0.75.

Dividend detachment from the share on the NYSE Euronext regulated market in Paris would take place on June 2, 2014. The dividend payment would take place on July 2, 2014.

The dividends and income per share in respect of the last three financial years have been as follows:

	2012	2011	2010
Dividend per share (euros)	€0.75 (1)	€0.65 (1)	€0.40 (1)
Number of shares eligible	270,850,933	266,856,328	262,972,033
Total Dividend (euros)	€203,138,199.75 (1)	€173,456,613.20 (1)	€105,188,813.20 (1)

(1) Amount(s) eligible to the 40% tax allowance benefiting to the natural persons which are residents in France for tax purposes, in accordance with article 158-3-2° of the French General Tax Code.

Furthermore, in accordance with articles L.232-18 *et seq.* of the French Commercial Code and article 39 of the by-laws of the Company, the fourth resolution submits to the approval of shareholders the possibility for each shareholder to opt either for payment in cash or in new shares of the Company for all of the dividend paid in respect of the shares owned.

In the event of exercise of the option and in accordance with the provisions of article L.232-19 of the French Commercial Code, the new shares will be issued at a price equal to 90% of the average opening share price on the NYSE Euronext regulated market in Paris within the twenty trading days prior to the date of the decision of the Shareholders' Meeting, less the net amount of the dividend. This price will be acknowledged by the Management Board prior to the Shareholders' Meeting.

The request shall be sent between June 2, 2014 (inclusive) and June 23, 2014 (inclusive) to the relevant financial intermediaries. Further to June 23, 2014, the dividend may only be paid in cash. Delivery of the shares shall take place concomitantly to the dividend payment in cash, *i.e.* on July 2, 2014.

If the amount of dividend does not match a whole number of shares, the shareholder may obtain the whole number of shares immediately below, together with a cash adjustment *(soulte)* paid by the Company.

The new shares will be fully fungible with existing shares, will be submitted to all legal and statutory provisions, and will bear dividend rights as from January 1, 2014.

We suggest that you approve these resolutions.

2.3. Related-party agreements (fifth resolution)

The fifth resolution regards the shareholders' approval of related-party agreements as defined in articles L.225-86 *et seq.* of the French Commercial Code, meaning the "related-party" agreements that were authorized by the Supervisory Board prior to their conclusion in the course of the financial year ended December 31, 2013.

In accordance with the provisions of article L.225-88 of the French Commercial Code, the agreements described below were the subject of a report by the statutory auditors of the Company and must be submitted for approval at the ordinary shareholders' meeting of the Company:

1) termination of the bilateral credit agreement entered into on July 28, 2010, between Rexel as borrower, Rexel Développement SAS as guarantor and Bayerische Landesbank as lender, of an amount of €40,000,000 and authorized by the Supervisory Board during its July 27, 2010 meeting. This termination was authorized by the Supervisory Board, during its February 11, 2013 meeting.

   This credit agreement aimed to finance the general corporate purposes of the Rexel Group;

2) amendments to the re-invoicing agreements entered into on March 14 and March 15, 2012 and November 23 and November 27, 2012 between Rexel and, respectively, Rexel Développement SAS and Rexel France, authorized by the Supervisory Board during its November 28, 2013 meeting.

   Rexel used the share repurchase plan authorized by the Shareholders' Meeting of May 19, 2011 and May 16, 2012 to deliver existing shares under free shares plans implemented by the Management Board in 2010, 2011 and 2012. The trading costs incurred by Rexel under these repurchases are re-invoiced to the relevant subsidiaries. For that purpose, re-invoicing agreements were entered into Rexel and each of the relevant subsidiaries. The amendment to these agreements aims to include the costs incurred in connection with the repurchase of shares allocated under the free shares allocation plans implemented by the Management Board in 2013;

3) an amendment to the supplementary defined-benefit pension plan in force within Rexel since July 1, 2009 and entered into on April 29, 2011, authorized by the Supervisory Board in its meeting of October 30, 2013.

   Agreements relating to the supplementary pension plan (article 39) are in force within Rexel Développement SAS and Rexel. They benefit to the officers with the status of employee and/or corporate officer whose status and activity are defined in article L.3111-2 of the French Labor Code and whom Global Grade is 21 or above under the Global Grading system defined for Rexel by Towers Watson.

The amendment aimed to:

- withdraw reference to the "post-retirement employment" regime;
- modify the minimum Global Grade allowing the application of the plan;
- conform the plan with the "Fillon" law;

4) the pension commitments taken by Rexel to the benefit of Catherine Guillouard. These commitments have been authorized by the Supervisory Board, during its April 30, 2013 meeting.

The objective is to allow Catherine Guillouard to benefit from the supplementary pension plan (article 39). The granting of this benefit is justified by the necessity to offer Catherine Guillouard, as compensation for the management functions exercised within the Rexel Group and for the responsibilities related thereto, an attractive compensation aligned with market practices.

The supplementary pension plan is described in paragraph 7.3.4 of the *Document de Référence* of the Company for the year ended December 31, 2013.

We suggest that you approve these agreements and the relating resolution.

In addition, the shareholders will be invited to acknowledge the continuation during the financial year ended December 31, 2013 of the agreements entered into during the preceding years. These agreements are described in the special report of the auditors.

2.4. Approval of the performance criteria relative to the deferred compensation of the members of the Management Board (sixth to ninth resolution)

Under the provisions of article L.225-90-1 of the French Commercial Code, the Supervisory Board must set the performance conditions associated with the deferred compensation of members of the Management Board, upon the proposal of the Compensation Committee; these conditions must then be approved by the shareholders' meeting of the Company.

In the event of termination of his corporate office, Rudy Provoost shall benefit from a severance indemnity, subject to certain performance criteria decided upon by the Supervisory Board meeting of October 6, 2011 and which were approved by the Shareholders' Meeting of May 16, 2012.

The employment agreement of Pascal Martin provides for a severance indemnity, which is subject to a number of conditions including performance criteria decided upon by the Supervisory Board Meeting of May 19, 2011 and which was approved by the Shareholders' Meeting of May 16, 2012.

The employment agreement of Catherine Guillouard provides for a severance indemnity, which is subject to a number of conditions including performance criteria decided upon by the Supervisory Board meeting of April 30, 2013, subject to the approval of the Shareholders' Meeting.

The sixth resolution regards the approval of the performance criteria relative to the deferred compensation of Catherine Guillouard as member of the Management Board. The seventh to ninth resolutions regard the approval of the modification of the performance criteria relative to the deferred compensation of the members of the Management Board, as decided by the Supervisory Board of the Rexel on February 12, 2014.

Approval of the performance criteria relative to the deferred compensation of Catherine Guillouard (sixth resolution)

On April 30, 2013, the Supervisory Board of Rexel approved the granting to Catherine Guillouard of the following deferred compensation.

Catherine Guillouard's employment contract with Rexel Développement was suspended on April 30, 2013.

In the event that her corporate duties within Rexel should end, Catherine Guillouard's employment agreement with Rexel Développement would re-enter into effect under compensation conditions equivalent to those from which she benefited as a corporate officer.

The employment agreement of Catherine Guillouard provides, as from April 30, 2013 in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her monthly reference compensation.

The monthly reference compensation is defined as the fixed gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as a corporate officer in the course of this period.

This gross contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or the contractual severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)*, as well as, if any, the compensatory non-compete indemnity. It shall not apply in the event of a retirement leave or compulsory retirement leave. In such cases, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensatory non-compete indemnity.

An 8 month prior notice period shall apply in case of termination of the contractual relationships at the option of the employer. The compensatory indemnity in lieu of notice corresponds to 8 months of the last compensation paid as corporate officer or as employee, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement of Catherine Guillouard, with the exception of the compensatory non-compete indemnity, are subject to the following performance criteria:

– the payment of 50% of the indemnities will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the indemnities will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a maximum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfilment of these conditions.

In addition, a non-competition clause is stipulated in Catherine Guillouard's suspended employment contract. This non-competition prohibition is limited to a period of 12 months as of the effective termination of the employment contract. As consideration, the monthly compensatory non-compete indemnity is equal to one twelfth of her gross fixed annual compensation.

The granting of this benefit is justified by the necessity to offer Catherine Guillouard, as compensation for the management functions exercised within the Rexel Group and for the responsibilities related thereto, an attractive compensation aligned with market practices.

As a consequence, we submit for your approval the performance criteria mentioned above relative to the deferred compensation of Catherine Gouillard.

Approval of the modification of the performance criteria relative to the deferred compensation of the member of the Management Board (seventh to tenth resolutions)

In order to comply with the AFEP-MEDEF code which recommends that performance criteria relative to deferred compensation be assessed on a two-year basis, on February 12, 2014, the Supervisory Board modified the applicable performance criteria and retained the following performance criteria:

– the payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 40% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

Accordingly, we submit for your approval the performance criteria mentioned above relative to the deferred compensation of Rudy Provoost, Pascal Martin and Catherine Guillouard.

We suggest that you approve the above-mentioned performance criteria.

2.5. Advisory vote on the elements of compensation due or granted for the financial year 2013 to Rudy Provoost, Chairman of the Management Board, as well as to Catherine Guillouard and Pascal Martin, members of the Management Board (tenth and eleventh resolutions)

In accordance with the recommendations of paragraph 24.3 of the AFEP-MEDEF Code on corporate governance, revised in June 2013, to which the Company refers in application of article L.225-37 of the French Commercial Code, the tenth and eleventh resolutions submit to your opinion, the elements of compensation due or granted for the financial year 2013 to Rudy Provoost, Chairman of the Management Board, as well as to Catherine Guillouard and Pascal Martin, members of the Management Board.

The relevant elements of compensation relate to: (i) the fixed portion, (ii) the annual variable portion and, as the case may be, the multiannual variable portion with the objectives contributing to the setting of this variable portion, (iii) exceptional compensations, (iv) shares options, performance-based shares and any other long-term element of compensation, (v) indemnities related to the appointment or to the termination of office, (vi) supplementary pension plan and (vii) benefits of any nature.

The above-mentioned elements of compensation are set out in paragraph 7.3.5 of the *Document de Référence* of the Company for the financial year ended December 31, 2013.

We suggest you to give a favourable opinion on the elements of compensation due or granted for the 2013 financial year to Rudy Provoost, Chairman of the Management Board, as well as to Catherine Guillouard and Pascal Martin, members of the Management Board.

2.6. Appointment of Pier-Luigi Sigismondi as member of the Supervisory Board (twelfth resolution)

The twelfth resolution submits to the approval of the shareholders the appointment of Pier-Luigi Sigismondi as member of the Supervisory Board.

This appointment would be made for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2017, to be held in 2018.

The Supervisory Board, during its May 22, 2013 meeting, decided to appoint Pier-Luigi Sigismondi as observer *(censeur)* of the Supervisory Board. This appointment was made in order to allow him to attend the meetings of the Supervisory Board, pending the submission to the shareholders' meeting of a resolution in respect of his appointment as member of the Supervisory Board.

Pier-Luigi Sigismondi meets the criteria to be appointed as independent member of the Supervisory Board.

Pier-Luigi Sigismondi was born on January 23, 1966, is an Italian national and resides at 74 Fairhazel Gardens, London, NW6 3SR, United Kingdom.

Pier-Luigi Sigismondi has been a member of the Executive Board and Chief Supply Chain Officer of Unilever since 2009. Prior to that, Pier-Luigi Sigismondi worked for Nestlé SA, where he was Vice President of corporate operations strategies, based in Switzerland, in charge of industrial strategies of the group worldwide as well as management of global cost improvement programmes before moving to Nestlé Mexico in 2005 as Vice President of operations and R&D. Pier-Luigi Sigismondi started his career in consulting, first with Booz Allen & Hamilton and later with AT Kearney. An Italian citizen, Pier-Luigi Sigismondi holds a Masters Degree in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Pier-Luigi Sigismondi held no share of Rexel.

Pier-Luigi Sigismondi has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

2.7. Approval of the co-option of Monika Ribar as member of the Supervisory Board (thirteenth resolution)

Within the context of the change of Rexel's shareholdings, Eurazeo, represented by Marc Frappier, has resigned from its functions as member of the Supervisory Board. Consequently, on October 30, 2013 the Supervisory Board decided to co-opt Monika Ribar in replacement of Eurazeo for the remainder of the term of her predecessor, *i.e.*, until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2016, to be held in 2017.

The thirteenth resolution submits to the approval of the shareholders the approval of the co-option of Monika Ribar as a member of the Supervisory Board.

Monika Ribar meets criteria to be appointed as independent member of the Supervisory Board.

Monika Ribar was born on September 19, 1959, is a Swiss national and resides at Büntenmattstr. 53, 4102 Binningen, Switzerland.

Monika Ribar was the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, from October 2006 until May 2013. At Panalpina Group, Monika Ribar has also occupied a variety of positions, including Chief Financial Officer, Chief Information Officer and Corporate Controller, and also served in project management positions. Prior to joining Panalpina, Monika Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, as Head of Strategic Planning, and at BASF, the German chemical products company. Monika Ribar also serves on the Boards of SIKA AG, a supplier of specialty chemical products and industrial materials, Swiss International Air Lines Ltd., the flag carrier airline of Switzerland, and Logitech, a world leader in electronics peripherals. Monika Ribar holds a Masters degree in Economics and Business Administration from the University of St. Gallen, Switzerland.

The detail of her functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Monika Ribar held no share of Rexel.

We suggest that you approve this resolution.

2.8. Approval of the co-option of François Henrot as member of the Supervisory Board (fourteenth resolution)

Within the context of the change of Rexel's shareholdings, Manfred Kindle has resigned from his functions as member of the Supervisory Board. Consequently, on October 30, 2013 the Supervisory Board decided to co-opt François Henrot in replacement of Manfred Kindle for the remainder of the term of his predecessor, *i.e.*, until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2016, to be held in 2017.

The fourteenth resolution submits to the approval of the shareholders the approval of the co-option of François Henrot as a member of the Supervisory Board.

François Henrot meets criteria to be appointed as independent member of the Supervisory Board.

François Henrot was born on July 3, 1949, is a French national and resides at 60, rue des Saints Pères, 75007 Paris.

François Henrot has been Managing Partner of Rothschild & Cie since 1998 and he serves as Chairman of the investment bank of the Rothschild Group. He started his career in 1974 at the French Council of State. In 1979, he became Director of France's Telecommunications Department. In 1985, he joined the Compagnie Bancaire where he became COO and Chairman of the Management Board. He was a Management Board Member at

Compagnie Financière de Paribas from 1995 to 1998 before joining Rothschild. François Henrot is a Board member of Paris-Orléans SA (the holding company of the Rothschild Group), Vallourec as Observer, and Cobepa, which he presides. François Henrot is a graduate of the École Nationale d'Administration (ENA).

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, François Henrot held no share of Rexel.

We suggest that you approve this resolution.

2.9. Approval of the co-option of Hendrica Verhagen as member of the Supervisory Board and Renewal of the term of office of Hendrica Verhagen as member of the Supervisory Board (fifteenth and sixteenth resolutions)

Within the context of the change of Rexel's shareholdings, Akshay Singh has resigned from his functions as member of the Supervisory Board. Consequently, on November 28, 2013 the Supervisory Board decided to co-opt Hendrica Verhagen in replacement of Akshay Singh for the remainder of the term of her predecessor, *i.e.*, until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2013, to be held in 2014.

The fifteenth resolution submits to the approval of the shareholders the approval of the co-option of Hendrica Verhagen as a member of the Supervisory Board. Insofar as her co-option may be carried out only for the remainder of the term of her predecessor, her term shall end at the end of the shareholders' meeting. Consequently, the sixteenth resolution submits to the approval of the shareholders the renewal of her term of office for a term of four years.

Hendrica Verhagen meets criteria to be appointed as independent member of the Supervisory Board.

Hendrica Verhagen was born on June 30, 1966, is a Dutch national and resides at 's Gravenpark 6 2902 LD Capelle aan den Ijssel, The Netherlands.

Hendrica Verhagen has been Chief Executive Officer of PostNL since April 2012. Prior to this, she served as a member of the Management Board of PostNL N.V., and was Managing Director of Parcels and International PostNL, as of 2011. Hendrica Verhagen joined TNT Post in 1993 as a sales manager before going on to hold a number of senior positions including Commercial Director, Coordinating Managing Director of Mail NL and Managing Director Group HR of TNT N.V. Hendrica Verhagen sits on the supervisory board of Nutreco N.V. Hendrica Verhagen obtained a Masters Degree in Law from the University of Nijmegen, a Masters degree in Human Resources from the Tilburg University, an International Management degree from INSEAD, a degree in Economics from the London School of Economics and an Executive MBA degree from Stanford University.

The detail of her functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Hendrica Verhagen held no share of Rexel.

Hendrica Verhagen has indicated that she accepted these duties by anticipation and that she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

2.10. Renewal of the term of office of Patrick Sayer as member of the Supervisory Board (seventeenth resolution)

Under the mechanism providing for a gradual renewal of the terms of office pursuant to Rexel's by-laws, Patrick Sayer's functions as member of the Supervisory Board will end at the end of the shareholders' meeting.

Consequently, the seventeenth resolution submits to the approval of the shareholders the renewal of the term of office of Patrick Sayer as member of the Supervisory Board.

This renewal would be granted for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2017, to be held in 2018.

Patrick Sayer was born on November 20, 1957, is a French national and resides at 72, boulevard de Courcelles, 75017 Paris.

Patrick Sayer has served as Chairman of the Management Board of Eurazeo since May 2002. He was previously Managing Partner of Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co. in New York. Patrick Sayer is Vice President of the Supervisory Board of ANF Immobilier, , Director of Accor, Europcar , Gruppo Banca Leonardo (Italy), Tech Data (USA) and Kitara Capital (Dubai), former Chairman of *Association Française des Investisseurs pour la Croissance* (AFIC), and is also Director of the *Musée des Arts Décoratifs de Paris*, and teaches finance at the University of Paris Dauphine.

Patrick Sayer is a member of the Club des Juristes and a judge at the Commercial Court of Paris. Patrick Sayer is a graduate of *École Polytechnique* and *École des Mines de Paris*.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Patrick Sayer held no share of Rexel.

Patrick Sayer has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

2.11. Authorization to repurchase stock (eighteenth resolution)

The Ordinary and Extraordinary Shareholders' Meeting of May 22, 2013 authorized the Management Board to carry out transactions on the Company's shares for a period of 18 months as of the date of said meeting.

This authorization was implemented by the Management Board in the conditions described in its annual report, under a liquidity agreement entered into with an investment services provider. This authorization expires in 2014.

Accordingly, the eighteenth resolution proposes to the shareholders' meeting to authorize the Management Board to repurchase shares of the Company within the limits set by the shareholders of the Company and in accordance with the legal and regulatory provisions.

Particularly, the authorization may be implemented with a view to (i) ensuring liquidity in the market, (ii) setting up any share purchase option plan, any allocation of free shares, and any granting, allocation or transfer of shares to the benefit of the group employees, (iii) delivering shares in the context of external growth transactions, (iv) delivering shares in connection with the exercise of rights attached to securities, (v) cancelling all or part of the shares so repurchased.

The authorization that would be, if applicable, granted to the Management Board provides limitations regarding the maximum repurchase price (€30), the maximum amount for the implementation of the repurchase program (€250 million) and the amount of securities which may be repurchased (10% of the share capital of the Company on the date of the repurchases) or delivered in the context of external growth transactions (5% of the share capital of the Company).

The Company would not be able to pursue the implementation of its share repurchase program in the event of a public tender offer on the Company's shares.

This authorization would be granted for a term of 18 months and would supersede the prior authorization granted to the Management Board in respect of the unused portion thereof.

We suggest that you approve this resolution.

2.12. Compensation of the members of the Supervisory Board (nineteenth resolution)

The ordinary general meeting may allocate attendance fees to members of the Supervisory Board, the amount of which is charged to the Company's general expenses. The Supervisory Board then allocates this remuneration among its members as it sees fit.

In the context of the overall limit of €500,000 allocated for attendance fees by the Company Shareholders' General Meeting of May 16, 2012, upon the recommendation of the Compensation Committee, the Supervisory Board decided that the members of the Supervisory Board would receive remuneration. This remuneration consists of a fixed amount and a variable amount, calculated on the basis of the presence of members of the Supervisory Board presence at the meetings of the Supervisory Board and the Committees which they have attended.

In order to take into consideration the change in the Supervisory Board and the work carried out by its members, the Company envisaged increasing the amount of the attendance fees.

The nineteenth resolution therefore submits to the approval of the shareholders the allocation of attendance fees to the members of the Supervisory Board in the maximum amount of €1,315,000 for the 2014 financial year and for each subsequent financial year until a new decision of the general meeting.

This overall limit would benefit to the members of the Board of Directors in case of conversion of the Company into a public limited company *(société anonyme)* with a Board of Directors.

We suggest that you approve this resolution.

2.13. Approval of the decision of the Supervisory Board on the transfer of the Company's registered office (twentieth resolution)

In accordance with article L.225-65 of the French Commercial Code, the Supervisory Board of Rexel decided, on May 22, 2013, to transfer the Company's registered office from 189-193, boulevard Malesherbes, 75017 Paris, to 13, boulevard du Fort de Vaux, 75017 Paris, and accordingly amended the Company's by-laws.

This decision is part of the policy of the Rexel Group in terms of social and environmental responsibility and allows it to benefit from offices which respect the environment.

The twentieth resolution therefore submits to the approval of the shareholders the approval of the decision of the Supervisory Board dated May 22, 2013 on the transfer of the Company's registered office.

We suggest that you approve this resolution.

3. Resolutions to be submitted to the Extraordinary Shareholders' Meeting

3.1. Authorization to be granted to the Management Board to carry out a share capital decrease by cancellation of shares (twenty-first resolution)

We suggest that you authorize the Management Board to reduce the share capital by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized by the Shareholders' Meeting of the Company providing for this objective.

The share capital decreases that the Management Board may carry out under this authorization would be limited to 10% of the Company's share capital as of the date of the cancellation for a period of 24 months.

This authorization would be granted for a term of 18 months.

This authorization would benefit to the Board of Directors in the event of a change of the Company into a public limited company (*société anonyme*) with a Board of Directors.

We suggest that you approve this resolution.

3.2. Financial delegations and authorizations (twenty-second to thirty-first resolutions)

The shareholders' meeting regularly grants the Management Board with the authority or the powers necessary to proceed with the issuance of ordinary shares and/or securities, with upholding or cancellation of shareholders' preferential subscription right, in order to meet the financing needs of the Rexel group.

As such, the Extraordinary Shareholders' Meetings of May 16, 2012 and May 22, 2013 granted the Management Board with the delegations of authority and authorizations as described in the table attached as **Schedule 1** to this report of the Management Board, it being specified that said table specifies the cases and conditions in which the Management Board used certain of these delegations and authorizations until the date of this report.

These delegations of authority and authorizations generally expire during the financial year 2014. Thus, the Company may not have the necessary delegations and authorizations in the event where the Company should decide to proceed with one or several securities issuances.

Accordingly, it is proposed to the shareholders of the Company to grant the Management Board new delegations of authority and authorizations in order to ensure the Company the flexibility to proceed with securities issuances according to the market and to the growth of the Rexel Group, and to rapidly gather the financial means necessary to the implementation of the growth strategy of the Rexel Group.

In the event of an issuance of securities, the Company intends to give priority to transactions upholding the shareholders' preferential subscription right. Nevertheless, particular circumstances may justify the cancellation of the preferential subscription right of shareholders, in accordance with their interests. Accordingly, the Company may seize the opportunities offered by the financial markets, especially considering the markets' current situation. The Company may also involve employees of the Rexel Group in its development, notably by way of a share capital increase reserved to said employees, or the allocation of free shares. The Company may also carry out the issuance of securities underlying the securities issued by the Company or the Rexel Group's subsidiaries. The cancellation of the preferential subscription right would also allow the realization of public exchange or acquisitions offers paid entirely in shares. Finally, the issuance of securities may remunerate contributions in kind of financial securities that would not be traded on a regulated market or its equivalent.

These delegations and authorizations shall cancel and supersede any prior delegations and authorizations granted to the Management Board, as regards the unused portion thereof.

These delegations and authorizations would benefit to the Board of Directors in the event of a change of the Company into a public limited company (*société anonyme*) with a Board of Directors.

The total global amount of the authorized share capital issuance (excluding share capital increases by means of capitalization of reserves or premium) would be of €800 million, *i.e.* 160 million shares, representing approximately 56% of the share capital and voting rights of the Company.

Thus, the draft resolutions being put to the vote of the shareholders' are relative to:

3.2.1. Issuance of securities with upholding of the shareholders' preferential subscription right (twenty-second resolution)

The twenty-second resolution aims at granting to the Management Board a delegation of authority, subject to the prior authorization of the Supervisory Board, to carry out a share capital increase with the upholding of the shareholders' preferential subscription right.

The transactions would thus be reserved to the Company's shareholders. They would take place through the issuance of ordinary shares and/or securities giving access, immediately or in the future, to the share capital of the Company or to debt securities. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place *inter alia*, by the conversion or exchange of a security or by the presentation of a warrant *(bon)*.

Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €800 million (*i.e.*, 160 million shares with a nominal value of €5). The nominal amount of the share capital increases that may be carried out pursuant to this delegation as well as under the twenty-third to thirtieth resolutions, may not exceed this global amount of €800 million.

The issuance of debt securities would be limited to a maximum nominal amount of €1.5 billion. The amount of all the debt securities, the issuance of which may be carried out pursuant to this resolution as well as under the twenty-third to twenty-sixth resolutions may not exceed this global amount of €1.5 billion.

The subscription price of shares and/or securities which may be issued in application of this delegation would be set by the Management Board, in accordance with the legal and regulatory provisions.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.2. Issuance of securities with cancellation of the shareholders' preferential subscription right by way of a public offering (twenty-third resolution)

The twenty-third resolution aims at granting a delegation of authority to the Management Board, subject to the prior authorization of the Supervisory Board, in order to carry out a share capital increase with the cancellation of the shareholders' preferential subscription right, by way of public offering, including by way of an offer comprising a public offering.

The transactions would be open to the public. They would consist of the issuance of ordinary shares and/or securities giving access, immediately or in the future, to the share capital of the Company or to debt securities. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place by the conversion or exchange of a security or by the presentation of a warrant *(bon)*.

Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €280 million (*i.e.* 56 million shares with a nominal value of €5).

The issuance of debt securities would be limited to a maximum nominal amount of €1 billion.

These limits would be deducted respectively from the limits set forth in the twenty-second resolution described in the preceding paragraph.

The issuance price of the new shares issued in application of this delegation of authority would be at least equal to the minimum stipulated by the applicable regulatory provisions as of the issue date (*i.e.* at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1 and R.225-119 of the French Commercial Code).

In addition, the issuance price of the securities conferring access to the share capital of the Company issued in application of this delegation of authority would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.3. Issuance of securities with cancellation of the shareholders' preferential subscription right by way of private placement (twenty-fourth resolution)

The twenty-fourth resolution aims at granting to the Management Board, by a distinct vote by the shareholders in accordance with the guidelines of the *Autorité des marchés financiers*, a delegation of authority, subject to the prior authorization of the Supervisory Board, to carry out a share capital increase with the cancellation of shareholders' preferential subscription right, by way of an offering as defined in article L.411-2 II of the French Monetary and Financial Code.

The transactions would thus be carried out by way of private placements with persons providing investment services consisting in portfolio management for third-parties, qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf, in accordance with the provisions of article L.411-2 II of the French Monetary and Financial Code. It would consist of the issuance of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place by the conversion or exchange of a security or by the presentation of a warrant *(bon)*.

Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €280 million (*i.e.* 56 million shares with a nominal value of €5).

The issuance of debt securities would be limited to a maximum nominal amount of €1 billion.

These limits would be deducted respectively from the limits set forth in the twenty-second resolution described above.

In addition, the issuance of equity or debt securities carried out by way of private placement could not exceed the limits stipulated by the law applicable on the issue date. As of the date of this report, issuances of equity securities carried out by way of an offer as defined in article L.411-2 II of the French Monetary and Financial Code are limited to 20% of the share capital of the Company per year. Therefore, the maximum dilution that may result from the implementation of this delegation would be of 20% per 12-month period.

The issuance price of the new shares issued pursuant to this delegation of authority would be at least equal to the minimum stipulated by the regulatory provisions applicable as of the issue date (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1 and R.225-119 of the French Commercial Code).

In addition, the issuance price of the securities conferring access to the share capital of the Company issued in application of this delegation of authority would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the above-mentioned issuance price.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.4. Increase of the amount of initial issuances (twenty-fifth resolution)

The twenty-fifth resolution aims to grant a delegation of authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the amount of the initial issuances decided pursuant to the twenty-second, twenty-third and/or twenty-fourth resolutions above, carried out with the upholding or cancellation of shareholders' preferential subscription right, in the event of an oversubscription.

This delegation of authority is intended to allow the Company to accommodate potential oversubscriptions in the event of the issue of securities reserved to shareholders or realized by way of a public offering or an offering as defined in article L.411-2 II of the French Monetary and Financial Code.

The transactions carried out in the context of this delegation could not exceed 15% of the initial issuance, this limit would be subtracted from the limit applicable to the initial issuance and the limit set by the twenty-second resolution.

The subscription price for shares or securities issued pursuant to this delegation would correspond to the initial issuance price, decided pursuant to the twenty-second, twenty-third and/or twenty-fourth resolutions described above.

The Management Board could use this delegation of authority within the time limits stipulated by the law, or, as of the date of this report, for a period of 30 days from the end of the subscription period.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.5. Determination of the price of issuances with cancellation of the shareholders' preferential subscription right (twenty-sixth resolution)

The twenty-sixth resolution aims at granting an authorization to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to derogate to the conditions relating to the determination of the price set forth in the twenty-third and twenty-fourth resolutions relative to the issuances realized by way of a public offering or of an offering as defined in article L.411-2 II of the French Monetary and Financial Code, with cancellation of shareholders' preferential subscription right.

Therefore, the shares' issuance price would be at least equal to the weighted average price of the Company's shares on the regulated market of Euronext in Paris on the day preceding the date of issuance, less, as the case may be, a discount of up to 5%. For securities giving access to the share capital of the Company, the issuance price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above.

The Management Board could use this means within the limit of 10% of the share capital per year.

The limit specific to this authorization would be subtracted from the limit applicable to the initial issuance and from the limit set forth in the twenty-second resolution.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.6. Share capital increases reserved to employees (twenty-seventh resolution)

The twenty-seventh resolution aims at granting an authorization to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital of the Company by the issuance of shares or securities conferring access, immediately or in the future, to the share capital of the Company with cancellation of the preferential subscription right, reserved for employees of the Rexel Group who are members of a company savings plan *(plan d'épargne d'entreprise)* or group savings plan *(plan d'épargne groupe)* established by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French Commercial Code and of article L.3344-1 of the French Labor Code.

This authorization would be limited to 2% of the share capital of the Company. The amount of issuances carried out pursuant to the twenty-seventh and the twenty-eighth resolutions may not exceed a limit of 2% of the share capital of the Company. This limit would be deducted from the limit set forth in the twenty-second resolution.

The subscription price(s) would be determined by the Management Board pursuant to articles L.3332-19 *et seq.* of the French Labor Code. As a result, concerning the securities that are already traded on a regulated market, the subscription price could not be greater than the average share price for the twenty trading days prior to the date of the decision setting the subscription period opening date. In addition, the subscription price could not be inferior to more than 20% of this average.

In addition, pursuant to the provisions of article L.3332-21 of the French Labor Code, the Management Board may decide on the allocation of shares to be issued or existing, or of other securities giving access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plans of the Company or of the Group and/or (ii) if applicable, the discount *(décote)*.

This authorization would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.7. Issuance reserved to certain categories of beneficiaries in order to implement employee shareholding transactions (twenty-eighth resolution)

The twenty-eighth resolution aims at granting an authorization to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital of the Company by the issuance of shares or securities conferring access, immediately or in the future, to the share capital of the Company with cancellation of the preferential subscription right, reserved for certain categories of beneficiaries listed in the resolution (employees of non-French companies of the Rexel group and certain intermediaries acting on their behalf) in order to allow the such employees to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which the other Rexel employees would benefit under the twenty-seventh resolution, and would benefit, as the case maybe, from a more favorable tax and legal regime than the one proposed under the twenty-seventh resolution.

This authorization would be limited to 1% of the share capital of the Company. The amount of the issuances carried out pursuant to the twenty-seventh and the twenty-eighth resolutions may not exceed a limit of 2% of the share capital of the Company. This limit would be deducted from the limits set forth in the twenty-second resolution.

The subscription price(s) of the new shares shall be determined pursuant to the same conditions as set forth in article L.3332-19 of the French Labor Code. The discount shall be set at a maximum of 20% of the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. The Management Board may reduce or eliminate the discount hereby granted as it deems appropriate in order to take into account, in particular, the local legal, accounting, tax or social security considerations applicable in the countries of residence of members of a savings plan who are beneficiaries of the capital increase.

The subscription price may also, in accordance with the local regulations applicable to the Share Incentive Plan that may be proposed under UK legislation, be equal to the lower share price between (i) the share price on the regulated market of Euronext in Paris at the opening of the reference period of this plan, such period not to exceed 12 months, and (ii) the share price recorded following the close of such period within a given timeframe determined in accordance with said regulations. This price shall be set without a discount in relation to the share price retained.

This authorization would be granted for a term of 18 months.

We suggest that you approve this resolution.

3.2.8. Issuance of securities in consideration for contributions in kind (twenty-ninth resolution)

The twenty-ninth resolution aims at granting a delegation of authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to decide upon an increase of the share capital through the issuance of ordinary shares and securities conferring access to the share capital, immediately or in the future, of the Company in consideration for contributions in kind granted to the Company and consisting of equity securities or securities conferring access to the share capital.

The issuances carried out in the context of this delegation of authority could not exceed 10% of the share capital, appraised as of the date of the decision of the Management Board. This limit would be deducted from the limit set forth in the twenty-second resolution.

The Management Board would have the power necessary to decide, upon the report of the valuing auditor(s) *(commissaire(s) aux apports)*, on the valuation of the contributions in kind and the granting of special benefits.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.9. Issuance of securities in the scope of a public exchange offer (thirtieth resolution)

The thirtieth resolution aims at granting a delegation of authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital by an issuance of ordinary shares or securities conferring access to the share capital of the Company, in consideration of the securities brought to a public exchange offering on the securities of the Company or the securities of another company listed on a regulated market.

Share capital increases carried out under this delegation would not exceed €250 million (*i.e.* 50 million shares with a nominal value of €5). This limit would be deducted from the limit set forth in the twenty-second resolution.

The Management Board would have the power to determine the exchange ratios and, if required, the amount of the cash bonus *(soulte en espèces)* to be paid.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.2.10. Incorporation of premiums, reserves, profits or other items (thirty-first resolution)

The thirty-first resolution aims at granting a delegation of authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized.

Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €200 million (*i.e.* 40 million shares with a nominal value of €5). This limit would not be deducted from the limit set forth in the twenty-second resolution.

The Management Board would have the power to determine the amount and nature of sums to be capitalized, determine the number of new shares to be issued and/or the amount by which the existing nominal value of the shares of the Company will be increased.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

3.3. Amendment to article 11-2 of the Company's by-laws relating to crossing of statutory thresholds (thirty-second resolution)

According to article 11-2 of the Company's by-laws, in addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, coming into possession of a number of shares representing 2.5% of the share capital or voting rights (or any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%), is required to notify Rexel.

It is contemplated to amend the provisions of the Company's by-laws relating to crossing of statutory thresholds in order to set at 1% and to each additional 1% fraction the minimum percentage of shares or voting rights held in the Company triggering, pursuant to the Company's by-laws, a threshold crossing in respect of which the holder(s) must notify the Company.

Article 11-2 of the Company's by-laws would be accordingly amended.

This change aims to take into account the evolution of the composition of the shareholder base of the Company.

We suggest that you approve this resolution.

3.4. Change in the Company's mode of administration and management by the creation of a Board of Directors and corresponding amendment to the Company's by-laws (thirty-third resolution)

The thirty-third resolution submits to the approval of the shareholders a change in the governance structure of the Company.

Shareholders are asked to vote on a resolution proposing that Rexel's governance model changes from the current dual board structure with a Supervisory Board and Management Board to a one-tier board structure with a Board of Directors.

This proposal reflects the evolution of Rexel's shareholding structure, from a private equity-controlled company to a genuinely public company. The one-tier board structure will align Rexel's governance model with CAC 40 best practices and sector-specific benchmarks and aims at:

- Simplifying the decision making process,
- Accelerating the implementation of the Group's strategy,
- Reinforcing the Board's accountability,
- Creating greater proximity between Board members and Executive committee members.

The Supervisory Board thus proposes to structure the governance of Rexel on the basis of the following elements:

Board of Directors

Powers

The Board of Directors determines the direction of the Company's business and sees to its implementation. Subject to the powers expressly conferred to the shareholders' meetings and within the scope of the corporate purpose, it acts on all matters relating to the proper operation of the Company and manages the Company's business through its deliberations.

Composition

In view of the evolution of the shareholding structure, the composition of the proposed Board of Directors will reflect recent efforts to increase the representation of independent non-executive directors and the number of women on the Board of Directors, in line with French regulation. The Board of Directors that will be subject to shareholder approval will consist of eleven members, compliant with Rexel's by-laws stipulating that the Board comprises between five and fifteen members, and at least 20% of the members of the Board of Directors will be women.

The Board of Directors would be composed of most of the current members of the Supervisory Board, who would be appointed for the remainder of their current term of office in order to ensure the continuity in the administration of the Company. Rudy Provoost, current Chairman of the Management Board, would also be a member of the Board of Directors. The Board of Directors would thus be comprised of the following eleven members: Rudy Provoost, Roberto Quarta, Patrick Sayer, David Novak, Vivianne Akriche, Thomas Farrell, Fritz Fröhlich, François Henrot, Monika Ribar, Pier-Luigi Sigismondi and Hendrica Verhagen.

Chairman and Deputy Chairman

The Board of Directors would elect among its members who are individuals, a Chairman and, as the case may be, a Deputy Chairman whose duties would last as long as their duties as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

Independent Directors

The definition and criteria of the independence would be set out with reference to the Code of corporate governance for listed companies established by the AFEP and the MEDEF.

If the resolutions submitted to the approval of shareholders are adopted, the Board of Directors will comprise an executive director, four non independent directors and six independent directors out of a total of eleven members.

The Board of Directors would thus comprise a majority of independent directors in compliance with the recommendations of the Code of corporate governance for listed companies established by the AFEP and the MEDEF.

Referent Director

In order to ensure proper governance, a Referent Director would be appointed.

The Deputy Chairman would also be able to act as Referent Director. The Deputy Chairman acting as Referent Director would have to qualify as an Independent Director under the criteria made public by the Company.

The appointment of a Deputy Chairman would be mandatory if the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman would also have to act as Referent Director.

In his/her capacity as lead director, the Deputy Chairman would have the following responsibilities:

- Managing any conflict of interest situations;
- Defining and determining the criteria of the independence; and
- Ensuring the proper organization and operation of the Board of Directors and of its committees.

The Deputy Chairman would have the necessary powers to exercise the missions that are entrusted to him/her.

François Henrot will be proposed as Deputy Chairman and Referent Director.

Specialized committees

The 4 specialized committees that previously supported the Supervisory Board would remain in place under the new structure. The Board of Directors would be supported by:

- The Appointment Committee, whose proposed Chairman will be François Henrot. The Appointment Committee would bear on (i) appointments, dismissals of appointments, dismissals and renewals of appointments of members of corporate bodies, (ii) verifications of compliance with independence criteria and issue opinions thereon, (iii) proposal on a potential successor to the chairman of the Board and the general manager, (iv) acceptance and resignation by Rexel from any office in other companies' bodies,
- The Compensation Committee, whose proposed Chairman will be Patrick Sayer. The powers of the Compensation Committee would bear on (i) the compensation of the members of the corporate bodies, (ii) indemnities related to termination, (iii) the stock option and bonus share award policy,
- The Strategic Committee, whose proposed Chairman will be Pier-Luigi Sigismondi. The powers of the Strategic Committee would bear on (i) projects for the strategic plans and annual budgets, (ii) planned acquisitions or disposals of business divisions or assets, and on significant investments, (iii) the creation of any business division or subsidiary or investments in any business division or on the acquisition of any equity interest, (iv) significant borrowing or assumption of liabilities, (v) proposed mergers, spin-offs or asset transfers, (vi) proposal for the admission to trading on an organized exchange of tradable securities, (vii) transaction entailing a significant alteration in the scope of the business activities and (viii) the financial positions of the Rexel's Group,
- The Audit Committee, whose proposed Chairman will be Fritz Fröhlich. The Audit Committee would have the powers to (i) review and control the financial and accounting information, (ii) to control the statutory auditors' mission and independence and (iii) to control the internal audit procedures and to monitor the internal control and risk management systems efficiency.

Each of the Committee would, when exercising its powers, have the right to request any documents it would deem necessary for the completion of its mission, may also ask for a hearing with the Chief Executive Officer or any other person the Committee would deem necessary to hear and to seek the assistance of any third-party of its choice (expert, advisor, lawyer or auditor).

The Committees may also invite the Chief Executive Officer and the Deputy Chief Executive Officers to attend their meetings.

Observer *(censeur)*

The Board of Directors would have the right to appoint up to three observers *(censeurs)*, who may be but are not required being shareholders, and who shall be asked to attend Board of Directors meetings, exclusively for purposes of information.

Internal regulation

The organization and functioning of the Board of Directors and its Committees would be set in an internal regulation, the project of which is attached as **Schedule 2** of this report.

General management

Organization of the general management

The Company's executive management would be exercised, under his/her responsibility, either by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the

Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors would choose one of the two aforementioned executive management methods, at the majority of its members. The shareholders and third parties would be informed of the method choosen in accordance with the provisions of the law.

The executive management method would apply until a contrary decision is made in accordance with the same procedure.

Rudy Provoost will be proposed as Chairman and CEO, in light of his strong contribution and performance since he joined the Management Board in October 2011 and became Chairman of the Management Board in February 2012. The other members of the current Management Board will retain their responsibilities as Executive Committee members.

Limitations of powers

The Board of Directors would confer to the Chief Executive Officer the authorizations required by law or the Company's by-laws. In addition, the following decisions would be subject to prior approval by the Board of Directors:

- adoption of the annual budget,
- adoption of the strategic plan,
- appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements),
- proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to shareholders,
- proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the statutory auditors,
- approval of significant changes in accounting methods,
- acceptance of and resignation from any duties as a member of a Board of Directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such Board of Directors or equivalent body,
- proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities,
- proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan,
- the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Board of Directors,
- the creation of any business division or subsidiary, investments in any business division or the acquisition of any equity interest in a country in which Rexel does not operate,
- borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Board of Directors in each case,
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries,
- entering into merger, spin-off or asset transfer agreements,
- admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market,
- any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries,
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Board of Directors.

In the event of approval of the change in the mode of administration and management, the Company's by-laws will be amended accordingly.

We suggest that you approve this resolution.

3.5. Continuation of the authorization granted to the Management Board under the fifteenth resolution of the Shareholders Meeting of May 22, 2013 (thirty-fourth resolution)

In the event where the resolution relating to the Company's change in a *société anonyme* with a Board of Directors would be adopted, the thirty-fourth resolution proposes to the shareholders to acknowledge that the authorization granted to the Management Board under the fifteenth resolution of the Shareholders' Meeting of May 22, 2013, shall continue to the benefit of the Board of Directors and, as necessary, to reiterate it to the benefit of the Board of Directors for its remaining duration.

The resolution relates to the authorization granted to the benefit of the Management Board to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries.

We suggest that you approve this resolution.

4. Resolutions to be submitted to the Ordinary Shareholders' Meeting

4.1. Appointment of the members of the Board of Directors (thirty-fifth to forty-fifth resolutions)

The thirty-fifth to forty-fifth resolutions propose to the shareholders to appoint the members of the Board of Directors, subject to the adoption of the resolution relating to the change in the governance organization and with effect as from the end of the shareholders' meeting.

In order to ensure the continuity in the Company's administration, the directors would include Rudy Provoost as well as the current members of the Supervisory Board.

In addition, in order to maintain the gradual renewal of the terms of office pursuant to Rexel's by-laws, each director would be appointed for a term equal to the remaining duration of his current term of office as member of the Supervisory Board, with the exception of Rudy Provoost who is not a member of the Supervisory Board and who would be consequently appointed for a term of four years.

In the event of approval of all proposed resolutions, the Board of Directors would comprise eleven members, including 6 independent directors and 3 women.

Accordingly, the appointment of the following persons as directors is submitted to the approval of the shareholders:

4.1.1. Appointment of Rudy Provoost (thirty-fifth resolution)

The appointment of Rudy Provoost would be made for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2017, to be held in 2018.

Rudy Provoost is born on October 16, 1959, is a Belgian national, and resides at 9, rue Gounod 75017 Paris.

Rudy Provoost joined Philips in 2000, as Executive Vice President of the Consumer Electronics branch in Europe. In 2004, he became CEO of the Consumer Electronics branch and was appointed as member of the Management Board of Philips in 2006. In 2008, he became CEO of its Lighting branch and Chairman of its Sustainable Development Board. Rudy Provoost previously held various management positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Born in Belgium in 1959, he holds a degree in psychology and an MBA from the University of Gand in Belgium. Rudy Provoost currently sits on the board of the Vlerick Leuven Gent Management School.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Rudy Provoost held 165,640 shares of Rexel.

Rudy Provoost has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

Rudy Provoost would be appointed as Chairman and Chief Executive Officer by the first Board of Directors to be held at the end of the shareholders' meeting.

We suggest that you approve this resolution.

4.1.2. Appointment of Roberto Quarta (thirty-sixth resolution)

The appointment of Roberto Quarta would be made for a term of two years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2015, to be held in 2016.

Roberto Quarta is born on May 10, 1949, is an American national, and resides at 7 The River House, Chelsea Embankment, London SW3 LG, United Kingdom.

Roberto Quarta joined Clayton Dubilier & Rice in 2001. He is a Partner of CD&R LLP. Roberto Quarta is the Chairman of the Board of Directors of IMI plc, a Non-Executive Director and Chairman Elect of Smith & Nephew Plc. and a Non-Executive Director of Spie SA. Roberto Quarta served as Chairman of Italtel S.p.A. and as Non-Executive Director of BAE Systems Plc and Azure Dynamic Corp. He has also held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the College of the Holy Cross.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Roberto Quarta held no share of Rexel.

Roberto Quarta has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.3. Appointment of Patrick Sayer (thirty-seventh resolution)

The appointment of Patrick Sayer would be made for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2017, to be held in 2018.

Patrick Sayer is born on November 20, 1957, is a French national, and resides at 72, boulevard de Courcelles, 75017 Paris.

Patrick Sayer has served as Chairman of the Management Board of Eurazeo since May 2002. He was previously Managing Partner of Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co. in New York. Patrick Sayer is Vice President of the Supervisory Board of ANF Immobilier, Director of Accor, Europcar , Gruppo Banca Leonardo (Italy), Tech Data (USA) and Kitara Capital (Dubai), former Chairman of *Association Française des Investisseurs pour la Croissance* (AFIC), and is also Director of the *Musée des Arts Décoratifs de Paris*, and teaches finance at the University of Paris Dauphine. Patrick Sayer is a member of the Club des Juristes and a judge at the Commercial Court of Paris. Patrick Sayer is a graduate of *École Polytechnique* and *École des Mines de Paris*.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Patrick Sayer held no share of Rexel.

Patrick Sayer has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.4. Appointment of David Novak (thirty-eighth resolution)

The appointment of David Novak would be made for a term of one year, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

David Novak is born on December 23, 1968, is an American national, and resides at 46 Blenheim Terrace, London NW8 OEG, United Kingdom.

David Novak has been with CD&R for 17 years and is a member of the Investment and Management Committees. Based in London, he is the lead financial partner responsible for B&M Retail, BCA and Rexel, as he was for Jafra until its sale to Vorwerk & Co. in 2004. He also co-led negotiations in the Firm's public-to-private acquisition of Brakes. David Novak is a a Director of B&M and BCA. Previously, David Novak worked in the private equity and investment banking divisions of Morgan Stanley and for the Central European Development Corporation, a private equity investment firm. He is a graduate of Amherst College and holds an M.B.A. from Harvard Business School.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, David Novak held no share of Rexel.

David Novak has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.5. Appointment of Vivianne Akriche (thirty-ninth resolution)

The appointment of Vivianne Akriche would be made for a term of one year, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

Vivianne Akriche is born on February 8, 1977, is a French national, and resides at 56, rue Charlot, 75003 Paris.

Vivianne Akriche joined Eurazeo in 2004 where she participated in particular in the structuring or the oversight of the investments in Rexel, Moncler, Eurazeo PME, Intercos and Fonroche. From 2001 to 2004, Vivianne Akriche was part of the investment banking team of Goldman Sachs in Paris, where she advised clients on various mergers and acquisitions related topics, including investment funds and financial institutions. Vivianne Akriche a graduate of *Hautes Études Commerciales* (HEC).

The detail of her functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Vivianne Akriche held no share of Rexel.

Vivianne Akriche has indicated that she accepted these duties by anticipation and that she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.6. Appointment of Thomas Farrell (fortieth resolution)

The appointment of Thomas Farrell would be made for a term of three years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2016, to be held in 2017.

Thomas Farrell is born on June 1, 1956, is an American national, and resides at 3, rue Paul Ollendorff, 92210 Saint-Cloud.

Thomas Farrell has been with Lafarge since 1990. Prior to joining Lafarge, Thomas Farrell was a corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. After joining Lafarge, Thomas Farrell first worked at the Paris headquarters as Vice President of Strategy for two years. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. In June 2002, Thomas Farrell was appointed EVP of Lafarge North America. In September 2007, he was appointed Lafarge Group EVP, Co-President of the Aggregates & Concrete Division, and a member of the Executive Committee. In January 2012, he became Group EVP, Operations. Thomas Farrell is a graduate of Brown University (1978) and a doctor in law (PhD) from Georgetown University (1981).

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Thomas Farrell held no share of Rexel.

Thomas Farrell has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.7. Appointment of Fritz Fröhlich (forty-first resolution)

The appointment of Fritz Fröhlich would be made for a term of two years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2015, to be held in 2016.

Fritz Fröhlich is born on March 19, 1942, is a German national, and resides at Saschsenstr. 25, 422487 Wuppertal, Germany.

Previously, Fritz Fröhlich served as Deputy Chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career in working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V., ASML N.V. and Prysmian SpA, as well as Chairman of the supervisory boards of Randstad Holding N.V. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Fritz Fröhlich held no share of Rexel.

Fritz Fröhlich has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.8. Appointment of François Henrot (forty-second resolution)

The appointment of François Henrot would be made for a term of three years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2016, to be held in 2017.

François Henrot is born on July 3, 1949, is a French national, and resides at 60, rue des Saints Pères, 75007 Paris.

François Henrot has been Managing Partner of Rothschild & Cie since 1998 and he serves as Chairman of the investment bank of the Rothschild Group. He started his career in 1974 at the French Council of State. In 1979, he became Director of France's Telecommunications Department. In 1985, he joined the Compagnie Bancaire where he became COO and Chairman of the Management Board. He was a Management Board Member at Compagnie Financière de Paribas from 1995 to 1998 before joining Rothschild. François Henrot is a Board member of Paris-Orléans SA (the holding company of the Rothschild Group), Vallourec as Observer, and Cobepa, which he presides. François Henrot is a graduate of the École Nationale d'Administration (ENA).

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, François Henrot held no share of Rexel.

François Henrot has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.9. Appointment of Monika Ribar (forty-third resolution)

The appointment of Monika Ribar would be made for a term of three years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2016, to be held in 2017.

Monika Ribar is born on September 19, 1959, is a Swiss national, and resides Bündtenmattstr. 53, 4102 Binningen, Switzerland.

Monika Ribar was the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, from October 2006 until May 2013. At Panalpina Group, Monika Ribar has also occupied a variety of positions, including Chief Financial Officer, Chief Information Officer and Corporate Controller, and also served in project management positions. Prior to joining Panalpina, Monika Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, as Head of Strategic Planning, and at BASF, the German chemical products company. Monika Ribar also serves on the Boards of SIKA AG, a supplier of specialty chemical products and industrial materials, Swiss International Air Lines Ltd., the flag carrier airline of Switzerland, and Logitech, a world leader in electronics peripherals. Monika Ribar holds a Masters degree in Economics and Business Administration from the University of St. Gallen, Switzerland.

The detail of her functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Monika Ribar held no share of Rexel.

Monika Ribar has indicated that she accepted these duties by anticipation and that she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.10. Appointment of Pier-Luigi Sigismondi (forty-fourth resolution)

The appointment of Pier-Luigi Sigismondi would be made for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2017, to be held in 2018.

Pier-Luigi Sigismondi is born on January 23, 1966, is an Italian national, and resides at 74 Fairhazel Gardens, London, NW6 3SR, United Kingdom.

Pier-Luigi Sigismondi has been a member of the Executive Board and Chief Supply Chain Officer of Unilever since 2009. Prior to that, Pier-Luigi Sigismondi worked for Nestlé SA, where he was Vice President of corporate operations strategies, based in Switzerland, in charge of industrial strategies of the group worldwide as well as management of global cost improvement programmes before moving to Nestlé Mexico in 2005 as Vice President of operations and R&D. Pier-Luigi Sigismondi started his career in consulting, first with Booz Allen & Hamilton and later with AT Kearney. An Italian citizen, Pier-Luigi Sigismondi holds a Masters Degree in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

The detail of his functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Pier-Luigi Sigismondi held no share of Rexel.

Pier-Luigi Sigismondi has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.1.11. Appointment of Hendrica Verhagen (forty-fifth resolution)

The appointment of Hendrica Verhagen would be made for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2017, to be held in 2018.

Hendrica Verhagen is born on June 30, 1966, is a Dutch national, and resides at 's Gravenpark 6 2902 LD Capelle aan den Ijssel, The Netherlands.

Hendrica Verhagen has been Chief Executive Officer of PostNL since April 2012. Prior to this, she served as a member of the Management Board of PostNL N.V., and was Managing Director of Parcels and International PostNL, as of 2011. Hendrica Verhagen joined TNT Post in 1993 as a sales manager before going on to hold a number of senior positions including Commercial Director, Coordinating Managing Director of Mail NL and Managing Director Group HR of TNT N.V. Hendrica Verhagen sits on the supervisory board of Nutreco N.V. Hendrica Verhagen obtained a Masters Degree in Law from the University of Nijmegen, a Masters degree in Human Resources from the Tilburg University, an International Management degree from INSEAD, a degree in Economics from the London School of Economics and an Executive MBA degree from Stanford University.

The detail of her functions and mandates is included in chapter 7 of the *Document de Référence* of Rexel for the financial year 2013.

As at December 31, 2013, Hendrica Verhagen held no share of Rexel.

Hendrica Verhagen has indicated that she accepted these duties by anticipation and that she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

4.2. Powers to carry out legal formalities (forty-sixth resolution)

The forty-sixth resolution relates to powers that are to be granted in the carrying out of formalities resulting from the shareholders' meeting, in particular, formalities relating to registration and publication.

We suggest that you approve this resolution.

Signed in Paris
on February 6, 2014
The Management Board

Schedule 1 Delegations and authorizations

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 16, 2012 (resolution 26)	26 months (July 15, 2014)	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €800,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of shares and/or debt securities	Deduction of: – Allocation of free shares of July 26, 2012: 243,080 shares – Allocation of free shares of November 23, 2012 (Opportunity 12): 145,634 shares – Share capital increase of November 23, 2012 (Opportunity 12): 337,465 shares, *i.e.* €1,687,325 – Share capital increase of March 14, 2013 (Opportunity 12 – UK): 45,953 shares, *i.e.* €229,765 – Allocation of free shares of April 30, 2013: 2,574,729 shares, *i.e.* €12,873,645 – Allocation of free shares of July 25, 2013: 78,410 shares, *i.e.* €392,050 – Share capital increase of November 26, 2013 (Opportunity 13): 237,210 shares, *i.e.* €1,186,050 – Allocation of free shares of November 26, 2013 (Opportunity 13): 94,289 shares, *i.e.* €471,445 – Share capital increase of December 27, 2013 (Opportunity 13 – China): 19,541 shares, *i.e.* €97,705 – Allocation of free shares of December 27, 2013 (Opportunity 13 – China): 10,380 shares, *i.e.* €51,900 – Share capital increase of March 13, 2014 (Opportunity 13 - UK) : 35,151 shares, *i.e.* €175,755 Balance: €780,890,790	22	26 months	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €1,500,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of shares and/or debt securities

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	**DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)**	**DURATION (EXPIRY DATE)**	**MAXIMUM AUTHORIZED AMOUNT**	**UTILIZATION**	**RESOLUTION N°**	**DURATION**	**MAXIMUM AMOUNT**
Issuance by way of public offering with cancellation of the preferential subscription right	May 16, 2012 (resolution 27)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26	NA	23	26 months	Shares: €280,000,000 (*i.e.* 56,000,000 shares) Debt securities: €1,000,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 22
Issuance by way of offering referred to in section II of article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right	May 16, 2012 (resolution 28)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26	NA	24	26 months	Shares: €280,000,000 (*i.e.* 56,000,000 shares) Debt securities: €1,000,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 22
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	May 16, 2012 (resolution 29)	26 months (July 15, 2014)	15% of initial issuance This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26	NA	25	26 months	15% of initial issuance This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 22
Determination of price of issuances carried out by way of public offering or offering referred to in section II of article L.411-2 of the French Monetary and Financial Code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10 % of the share capital per year	May 16, 2012 (resolution 30)	26 months (July 15, 2014)	10% of the share capital on the date of the decision of the Management Board determining the offering price per 12-month period This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26	NA	26	26 months	10% of the share capital on the date of the decision of the Management Board determining the offering price per 12-month period This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 22

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 16, 2012 (resolution 35)	26 months (July 15, 2014)	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 26	NA	29	26 months	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 22
Issuance in consideration for shares contributed under a public exchange offering	May 16, 2012 (resolution 36)	26 months (July 15, 2014)	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount is deductible from the maximum amount provided under resolution 26	NA	30	26 months	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount is deductible from the maximum amount provided under resolution 22
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 16, 2012 (resolution 37)	26 months (July 15, 2014)	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from the maximum amount provided under resolution 26	NA	31	26 months	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from the maximum amount provided under resolution 22
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 22, 2013 (resolution 14)	18 months (November 21, 2014)	10% of the share capital on the date of cancellation by 24-month period	NA	21	18 months	10% of the share capital on the date of cancellation by 24-month period
STOCK OPTIONS, FREE SHARE ALLOCATIONS AND EMPLOYEE SAVINGS PLAN							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 22, 2013 (resolution 16)	26 months (July 21, 2015)	2% of the share capital on the date of the decision of the Management Board This maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 Issuances carried out on the basis of resolution 17 should be deducted from this maximum amount	– Share capital increase of November 26, 2013 (Opportunity 13): 237,210 shares, *i.e.* €1,186,050 – Share capital increase of December 27, 2013 (Opportunity 13 – China): 19,541 shares, *i.e.* €97,705	27	26 months	2% of the share capital on the date of the decision of the Management Board This maximum amount is deductible from the maximum amount provided under resolution 22 Issuances carried out on the basis of resolution 28 should be deducted from this maximum amount

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2014		
NATURE OF THE AUTHORIZATION	**DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)**	**DURATION (EXPIRY DATE)**	**MAXIMUM AUTHORIZED AMOUNT**	**UTILIZATION**	**RESOLUTION N°**	**DURATION**	**MAXIMUM AMOUNT**
Issuances reserved to certain categories of beneficiaries in order to implement employee shareholding transactions	May 22, 2013 (resolution 17)	18 months (November 21, 2014)	1% of the share capital on the date of the decision of the Management Board This maximum amount shall be deducted from the 2% maximum amount of resolution 16 on company savings and from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012	Share capital increase of March 13, 2014 (Opportunity 13 – UK): 35,151 shares, *i.e.* €175,755	28	18 months	1% of the share capital on the date of the decision of the Management Board This maximum amount shall be deducted from the 2% maximum amount of resolution 27 on company savings and from the maximum amount provided under resolution 22
Free allocations of ordinary shares	May 22, 2013 (resolution 15)	26 months (July 21, 2015)	2.5% of the share capital on the date of the decision of the Management Board This maximum amount should be deducted from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012	– Allocation of free shares of July 25, 2013: 78,410 shares, *i.e.* €392,050 – Allocation of free shares of November 26, 2013 (Opportunity 13): 94,289 shares, *i.e.* €471,445 – Allocation of free shares of December 27, 2013 (Opportunity 13 – China): 10,380 shares, *i.e.* €51,900	–	–	–

BUY-BACK BY REXEL OF ITS OWN SHARES

Shares repurchases	May 22, 2013 (resolution 12)	18 months (November 21, 2014)	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €22	Utilization under the Natixis liquidity contract for market-making purposes	18	18 months	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €30

Schedule 2 Internal regulation of the Board of Directors

Introduction

These internal regulations (the **"Regulations"**) constitute the corporate governance charter of Rexel's Board of Directors and govern the relationship between Rexel's Board of Directors and executive management, in a spirit of cooperation with the principal objective of facilitating the exchange between the company's management bodies in the interest of its shareholders.

The purpose of the Regulations is to contribute to the quality of work produced by the members of the Board of Directors by favoring the application of corporate governance principles and best practices as required by considerations of ethics and efficiency.

For the purposes of these Regulations:

The **"Group"** means Rexel and any company under its control as set forth in clause L.233-3 I and II of the French Commercial Code *(Code de commerce)*.

The **"Company"** means Rexel, a company with limited liability with a Board of Directors, with its registered office at 13, boulevard du Fort de Vaux, 75017 Paris.

"Independent Director" means a director expressly appointed as an independent director, in accordance with the terms of section II of the Regulations (and excluding any other directors who may meet the eligibility criteria for an Independent Director, but have not been appointed as such).

The internal regulations are for internal use only. They are not intended to replace the Company's by-laws but rather to implement them. Its provisions therefore cannot be enforced against the Company by third-parties. A summary of the Regulations appears in the Company's annual report.

1. Board of Directors

1.1 Competence

The Board of Directors determines the direction of the Company's business and sees to its implementation. Subject to the powers expressly conferred to the shareholders' meetings and within the scope of the corporate purpose, it acts on all matters relating to the proper operation of the Company and manages the Company's business through its deliberations.

In its relationships with third-parties, the Company is bound even by the *ultra vires* acts of the Board of Directors, unless it is able to prove that the third party was aware of the *ultra vires* nature of the relevant act, or could not have been unaware of it in the circumstances, it being specified that the mere publication of the By-Laws shall not suffice to establish such proof.

The Board of Directors conducts all controls and verifications it deems appropriate.

Each director receives all information required for him/her/it to discharge his/her/its duties, and may obtain copies of any and all documents he/she/it deems useful from the Chairman.

The Board of Directors possesses the following powers, *inter alia*:

(i) Powers relating to audits:

- management control;
- examination of the Company's financial and cash situation, and of the obligations of Company and its subsidiaries;
- examination of the cash position of the Company and of its subsidiaries;
- examination of the verification procedure for the financial statements and the information provided to the Company's shareholders and the market;
- authorization of regulated agreements.

(ii) Powers relating to appointments and compensation:

- Appointment and removal of the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors;
- appointment and removal of the Chief Executive Office and of the Deputy Chief Executive Officers, determination of the number of Deputy Chief Executive Officers in accordance with the limits set forth in the Company's by-laws and determination of their level of compensation;
- choice of the executive management organization method (dissociation or merger of the functions of Chairman and Chief Executive Officer);
- cooptation of directors;
- allocation of attendance fees.

(iii) Preparation of reports for the general meetings of the Company's shareholders:

Each year, the Board of Directors must present to the ordinary general meeting of the shareholders a report on the position and activities of the Company during the financial year ended, as well as on the financial statements for the financial year.

The Chairman of the Board of Directors must attach to this report another report which details the manner in which the Board of Directors' work was carried out, as well as the internal control procedures established by the Company.

The Board of Directors issues proposals relating to the renewal of the functions of the directors.

(iv) Powers relating to prior authorization of certain decisions of the Chief Executive Officer:

The Board of Directors confers on the Chief Executive Officer authorizations as required by law or the Company's by-laws.

In accordance with the Company's by-laws, the following decisions require the prior authorization of the Board of Directors:

- adoption of the annual budget;
- adoption of the strategic plan;
- appointment, revocation of appointment or dismissal of members of the Executive Committee and the determination of their compensation (including benefits in kind and special retirement arrangements);
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to any distribution (including dividends or reserves) to shareholders;
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to replacement of the statutory auditors;
- adoption of significant changes in accounting methods;
- acceptance of and resignation from any office as a member of a Board of Directors or equivalent body by the Company and appointment and revocation of the appointment of the Company permanent representatives to such Boards of Directors or equivalent body;
- proposed resolutions to be submitted to the general meeting of shareholders and use of authorizations or powers granted by the general meeting pertaining to the issuance of shares or securities granting immediate or future access to the share capital of the Company, of a company that directly or indirectly owns more than half of the Company's share capital or of a company in which the Company directly or indirectly owns more than half of the share capital, or securities granting rights to the award of debt securities;
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to any share buyback program;
- acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Board of Directors;
- the creation of any business division or subsidiary, the realization of investments in any business division or the acquisition of any equity interest in a country in which the Company does not operate;
- borrowing (including by issuing bonds) or assumption of liabilities, in each case, in an amount exceeding a threshold determined by the Board of Directors;
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans for the employees of the Company or its subsidiaries involving equity securities of the Company;
- entering into merger, spin-off or asset transfer agreements;
- admission to trading of negotiable securities issued by the Company or one of its subsidiaries on an organized exchange;
- any transaction entailing a significant change in the scope of the business activities of the Company and its subsidiaries;
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Board of Directors.

1.2 Prior consultation with the committees

Insofar as possible and depending on the circumstances, any deliberation of the Board of Directors on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

In the interests of good corporate governance, the Chairman of the Board of Directors shall transmit to the chairman of the relevant committee, within a reasonable period of time under the circumstances, all information and documents necessary for the committee to carry out its mission and formulate its opinions, recommendations and proposals on the matters proposed by the Board of Directors for deliberation.

1.3 Meetings

The Board of Directors meets as often as required to serve the interests of the Company and at least once every quarter at meetings called by its Chairman or Deputy Chairman.

Except with the written consent of all its members, the Board of Directors must be convened in writing, in any form, including by fax or by e-mail, at least three (3) days before the meeting date. The agenda of the meeting and all documents prepared for submission to the Board of Directors shall be attached to the meeting notice. However, when all members of the Board of Directors are present or represented (including participation or representation during telephone or video conferences) at a meeting, the meeting may be held without prior notice and without complying with the three-day notice rule.

Meetings are held at the registered office of the Company or at any other place specified in the meeting notice.

However, if the Board of Directors has not met in more than two months, a group of directors may, provided they represent at least one third of the directors in office, request the Chairman to call the Board of Directors on a specific agenda. In all other cases, the agenda is set by the Chairman and must, in any event, be mentioned in the meeting notice.

The Board of Directors is duly convened only if a quorum consisting of at least one half of its members is present.

An attendance register is maintained and signed by the directors who attended the Board of Directors' meeting; it must show the name of the members who attended the meeting by videoconference or other form of telecommunication.

The deliberations of the Board of Directors are recorded in minutes, which are drawn up in accordance with applicable law. They are signed by the chairman of the meeting and at least one director or, in the event that the chairman is unable to sign, by two directors.

Copies or excerpts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily acting as Chairman of the Board of Directors, or a person duly authorized for such purpose.

1.4 Meetings held by videoconference or other form of telecommunication

Directors who attend meetings of the Board of Directors by videoconference or other form of telecommunication in accordance with the following conditions shall be deemed present for purposes of quorum and majority requirements:

- The means of videoconference or telecommunication may be used for any meeting of the Board of Directors.
- Such means of videoconference or telecommunication must ensure effective participation to the deliberations of the Board of Directors, which must take place normally and without interruption.
- Each participant must be able to participate and hear what is said at the meeting.
- Directors who participate in a meeting of the Board of Directors by videoconference or other means of telecommunication must inform other attendees of the potential presence of any other person who might hear or see the deliberations.
- Where applicable, attendance of members to each meeting of the Board of Directors by videoconference or other means of telecommunication is recorded in the attendance register.
- Directors who attended meetings of the Board of Directors by videoconference or other means of telecommunication must sign the attendance register.
- The minutes of each meeting of the Board of Directors must include the names of those directors who attended by videoconference or other means of telecommunication and, as the case may be, details of any technical disruption which may have occurred during the meeting.

1.5 Majority rules

In accordance with the Company's by-laws, decisions are approved by a majority of votes of the members present or represented; each director has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Board of Directors consists of an even number of directors and only at meetings chaired by the Chairman of the Board of Directors.

1.6 Members of the Board of Directors

The Board of Directors is composed of a minimum of 5 and a maximum of 15 members, subject to exemptions provided for by law in the case of a merger.

During the Company's lifetime, Board members are appointed or reappointed by the Ordinary Shareholders' Meeting.

They are appointed for a term of four years.

However, the first directors appointed by the Shareholders' Meeting of May 22, 2014 and who were previously members of the Supervisory Board of the Company on the date of the Shareholders' Meeting of May 22, 2014 have been appointed for a period of time equal to the remainder of their term of office as members of the Supervisory Board of the Company.

The term of office of a director expires at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such director expires.

The Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the directors present or represented or, if unanimity is unable to be reached, by drawing lots. The term of office of the persons so designated will expire on the date determined by the unanimous decision of the Board of Directors or determined by the Chairman of the Board of Directors before the draw. The renewal of Board of Directors shall then be carried out in the order of length of service.

Directors are always eligible for reelection.

They may be dismissed at any time by the Ordinary Shareholders' Meeting.

No individual exceeding the age of 70 may be appointed as director if such appointment raises the number of directors who are over this age to more than one-third.

Directors may be individuals or legal entities. Any legal entities must, at the time of their appointment, designate a permanent representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a director in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of permanent representative is concurrent with the term of office of the legal entity that he represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity revoke the appointment of its permanent representative, it must notify the Company thereof without delay by registered mail and identify its new permanent representative. The same shall apply in the event of the death, resignation or long-term disability of the permanent representative.

Should one or more seats on the Board of Directors become vacant between two general meetings of shareholders as a result of the death or resignation of members, the Board of Directors may appoint one or more persons to serve as interim members in accordance with applicable laws.

Any co-opted directors appointed by the Board of Directors are subject to ratification by the shareholders at the next Ordinary General Meeting.

If the appointment of members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of directors fall to less than three, the remaining directors shall immediately call an Ordinary General Meeting of Shareholders to bring the number of directors up to the required minimum.

A director who is appointed to replace another director shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as director unless he/she/it complies with the rules on holding multiple offices, conflicts of interests or disqualification or prohibitions as provided by applicable law and regulations.

The number of directors who have an employment agreement with the Company may not exceed one third of the directors in office.

1.7 Chairman, Deputy Chairman and Referent Director

The Board of Directors elects a Chairman and, as the case may be, a Deputy Chairman from among those of its members who are private individuals. The term of office of the Chairman and of the Deputy Chairman lasts for as long as their term of office as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

1.7.1 Chairman

The Chairman of the Board of Directors represents the Board of Directors. He/she convenes the Board of Directors and organizes and leads the work of the Board of Directors, on which he/she reports to the shareholders' meeting. He/she oversees the proper operation of the Company's corporate bodies and in particular ensures that the directors are in a position to discharge their duties.

1.7.2 Deputy Chairman and Referent Director

In the event of the Chairman's unavailability, the Deputy Chairman performs the same duties and enjoys the same powers as the Chairman. In the event of unavailability, the Deputy Chairman shall act as Chairman for the entire duration of the Chairman's unavailability. In the event of death, the Deputy Chairman shall act as Chairman until a new Chairman is elected.

In the Chairman's absence, the Deputy Chairman presides the meetings of the Board of Directors.

The Deputy Chairman may also act as Referent Director. The Deputy Chairman acting as Referent Director must qualify as an Independent Director under the criteria made public by the Company.

The appointment of a Deputy Chairman is mandatory if the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman shall also act as Referent Director.

In his/her capacity as lead director, the Deputy Chairman shall have the following responsibilities:

– Managing any conflict of interest situations;
– Defining and determining the criteria of the independence; and
– Ensuring the proper organization and operation of the Board of Directors and of its committees.

To such effect, the Deputy Chairman:

– Is informed of significant events affecting the life of the Company and of the Group;
– May be consulted by the Chairman of the Board of Directors on the organization of the meetings of the Board of Directors;
– May meet with the directors at least once a year, outside the presence of the corporate officers;
– Presents potential conflict of interest situations identified by him/her to the Chairman of the Board of Directors and the Board of Directors, as well as his/her recommendations in relation to the means of handling such conflict of interest situations;
– May assist any meetings of the committees of which he/she is not a member, without the right to vote;
– Shall have access to the documents and information he/she may deem necessary or useful for the fulfillment of his/her missions;
– Conducts the annual reviews of the organization and operation of the Board of Directors and of its committees;
– May meet any current or potential shareholders who request to meet him/her, and forwards their concerns in relation to governance to the Board of Directors.

The Deputy Chairman reports on his/her work to the Board of Directors.

1.8 Executive management

The Company's executive management is exercised, under his/her responsibility, either by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors chooses one of the two aforementioned executive management methods, by the majority set forth in §2 of article 17 of the By-Laws. The shareholders and third-parties are informed of the method chosen in accordance with the provisions of the Law.

The executive management method applies until a contrary decision is made in accordance with the same procedure.

In order to ensure the continued operation of the Company upon expiry of the functions of the Chairman and Chief Executive Officer, or in the event of unavailability of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer(s) shall, unless otherwise decided by the Board of Directors, assume the Company's executive management until a new Chief Executive Officer is appointment, and the Deputy Chairman shall temporarily assume the functions of Chairman of the Board of Directors.

1.9 Ethics

1.9.1 The Board of Directors, a collegiate body, is required to act in the Company's best interests under all circumstances.

1.9.2 Directors carry out their duties with loyalty and professionalism.

Loyalty and good faith:

Directors shall not take any initiative that would be contrary to the interests of the Company and shall act in good faith under all circumstances.

In addition to the confidentiality undertaking provided by article L. 225-37 of the French Commercial Code *(Code de commerce)*, each director shall consider himself/herself to be bound by the rules of professional secrecy with respect to any information obtained in the performance of his duties and that has not been made public. Each member personally undertakes to keep completely confidential the information he receives, the discussions in which he participates and the decisions adopted.

Professional approach and involvement:

Directors:

(i) undertake to dedicate the necessary time and attention to carrying out their duties;

(ii) shall be diligent and attend all meetings of the Board of Directors and of the committees to which they belong whenever possible;

(iii) shall inform themselves of the business and special characteristics of the Company's businesses, its challenges and its values;

(iv) shall strive to keep up-to-date the knowledge they need to effectively carry out their duties;

(v) shall request and undertake the necessary procedures to timely obtain the information they consider to be essential to deliberate as a member of the Board of Directors with full knowledge of the matters addressed;

(vi) shall comply with all provisions of code of conduct regarding trading in the Company's securities on the stock exchange as approved by the Board of Directors.

Independence and conflicts of interest

In accordance with the IFA (French Directors Institute, or *Institut Français des Administrateurs*) Code of Conduct:

(i) Directors shall, under all circumstances, strive to maintain independence in their judgment, decision-making and actions. They shall not be influenced by any factor that is not in keeping with the corporate interests that they are responsible for defending.

(ii) They undertake to avoid any conflict that may exist between their moral and material interests and those of the Company. They shall notify the Board of Directors of any conflict of interests in which they may be involved. In such cases, they shall abstain from taking part in the discussions and in any decisions on the relevant matters.

1.10 Compensation

The Ordinary General Meeting may allocate attendance fees to directors; the amount of such fees is included in the operating expenses of the Company and is maintained until the general meeting decides otherwise.

The Board of Directors divides such fees among the directors as its sees fit.

The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Chief Executive Officers is determined by the Board of Directors. Such compensation may be either fixed or proportional or both fixed and proportional.

The Board of Directors may allot exceptional compensation for special missions or duties assigned to directors. Any such compensation is recorded in operating expenses and is subject to approval by the Ordinary General Shareholders' Meeting, in accordance with the procedure set forth in articles L.225-38 to L.225-42 of the French Commercial Code.

The Board of Directors may authorize reimbursement of travel and other expenses incurred by its members in the interest of the Company.

No compensation other than as described herein, whether permanent or temporary, may be paid to directors, other than pursuant to an employment agreement with the Company under the conditions allowed by applicable law and regulations.

2. Independent Directors

In accordance with the corporate governance principles and practices set out in the Regulations, the Board of Directors and each of the committees comprise Independent Directors who are elected or co-opted as such.

2.1 Definition of independence and related criteria

Independence and criteria of independence are defined by reference to the AFEP and MEDEF Code of Corporate Governance for listed companies.

The Board of Directors may find that, while one of its directors fulfills the aforesaid criteria, he may not be designated as Independent Member as a result of his individual situation or the situation of the Company in light of its shareholder base, or for any other reason. Conversely, the Board of Directors may consider that a director who does not meet the aforementioned criteria is nonetheless independent.

2.2 Qualification procedure for Independent Directors

The Appointments Committee reviews the designation of Independent Directors each year and draws up a report to the Board of Directors on the matter. Each year, in light of this report, the Board of Directors reviews the situation of each director with respect to independence criteria.

The Board of Directors submits the findings of its review to the shareholders in the annual report.

3. Observers *(censeurs)*

The Board of Directors may appoint up to three observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend meetings of the Board of Directors, exclusively for purposes of information.

Observers serve in an advisory capacity and do not have the right to vote.

Observers may be members of the committees created by the Board of Directors.

Observers are appointed for a maximum term of four years. They are always eligible for reelection and may be dismissed at any time.

Barring a decision to the contrary by the Board of Directors, observers do not receive compensation.

Barring a decision to the contrary by the Board of Directors, observers shall have access to the same information as directors.

Observers are bound by all confidentiality and discretion requirements applicable to directors set forth in 1.9.2 above, as well as those arising from articles L.225-38 *et seq.* of the French Commercial Code *(Code de commerce)*.

Observers shall abstain from all actions in connection with the management, supervisory or control powers falling within the exclusive scope of the legal bodies and shall not substitute themselves for such bodies.

4. Committees

4.1 Rules applicable to all committees

4.1.1 Composition

Committee members are selected by the Board of Directors from among the directors, on the recommendation of the Appointments Committee. Their appointment may be revoked by the Board of Directors upon the advisory opinion of the Appointments Committee.

The term of office of committee members is concurrent with their term of office as director. It may be renewed at the same time as their term of office as director.

Each committee appoints its own chairman who is in charge of organizing its work on the recommendation of the Appointments Committee. The chairman of the Appointments Committee is appointed by members of the said committee from among its members

4.1.2 Access to information, interviews and support

After notifying the Chairman of the Board of Directors (and the Chief Executive Officer in the cases set forth in (i) and (ii) below) and subject to reporting thereon to the Board of Directors, each committee shall have the right, in carrying out its responsibilities:

(i) to receive from the Company any document that it may deem useful in carrying out its duties;

(ii) to interview the Chief Executive Officer or any other person that the committee may deem useful to interview; and

(iii) to be assisted by any third party of its choosing (expert, adviser, attorney or auditor) during meetings.

The committees may also invite the Chief Executive Officer and the Deputy Chief Executive Officers to attend their meetings.

4.1.3 Operations

(i) Majority rules

In order to be duly convened, at least half of the members of the committee must be present at the meeting. A committee member may not be represented by proxy.

Committees adopt recommendations or proposals by a simple majority of the members.

In case of a tie, the Chairman of a committee does not cast the tie-breaking vote.

(ii) Meeting – Referral

The frequency and duration of a committee's meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of that committee.

Whenever a matter must be referred to a committee under clause 1.2 of the Regulations, that committee shall meet as soon as required by the urgency of the matter, as indicated by the Board of Directors when the matter is referred.

(iii) Minutes

Minutes of committee meetings shall be drawn up. They shall be transmitted to members of that committee and may be communicated to other members of the Board of Directors. The chairman of the committee or a member appointed for this purpose shall report to the Board of Directors on the committee's work.

(iv) Reimbursement of expenses

Committee members may request reimbursement for reasonable expenses.

(v) Rules

Committee rules may be drawn up by the committee's members and, if so, shall be submitted to the Board of Directors for approval.

(vi) Improvement of committee operations

The members of the committees shall make all recommendations that they deem likely to improve the operations of their committee.

4.2 Audit Committee

4.2.1 Composition

The Audit Committee is composed of a maximum of six members and includes Independent Directors. At least one of the Independent Directors is appointed on the basis of specific skills in the financial or accounting fields.

The Chairman of the Board of Directors shall not be a member of the Audit Committee.

Audit Committee members shall be selected for their expertise in accounting and finance.

4.2.2 Powers

The Audit Committee is in charge of any matters relating to the preparation and control of accounting and financial information. It assists the Board of Directors in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of the Company and the quality of the information provided. Its mission, as assigned by the Board of Directors when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of the Company, is to make recommendations and submit proposals to the Board of Directors in all areas listed below:

- Review and audit of the accounting and financial information:
  - Knowledge of the scope of consolidation, accounting methods and audit procedures;
  - Review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions, and of material risks and off-balance sheet commitments;
  - Knowledge of accounting positions taken in recognizing material transactions;
  - Submission of recommendations to the Board of Directors on proposed adoptions of material changes to accounting methods;
  - Review of the Group's financial position;
  - Monitoring the review by the statutory auditors of the quarterly, half year and annual company and consolidated financial statements;
  - Review of the procedures for preparing information provided to shareholders and to the market and review of the Group press releases relating to accounting and financial information.
- Oversight of the statutory auditors and monitoring of the independence of the statutory auditors:
  - Steering of the selection procedure applicable to the statutory auditors.
  - Submission of recommendations to the Board of Directors on the proposals to the general meeting of shareholders with respect to appointing, replacing and reappointing the statutory auditors.
  - Knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Board of Directors.
  - Ascertaining that the statutory auditors comply with the rules governing their independence.
- Oversight of internal audit procedures and monitoring the efficiency of internal and risk management procedures:
  - Submission of recommendations on the mission and organization of the Group's internal audit department and its action plan.
  - Review of the main conclusions made by the internal audit department within its work, followed by a report to the Board of Directors.
  - Review of the contribution of the internal audit department within the evaluation of the risk management process and of the internal control.
  - Review of the organization and of the implementation of the internal control guidelines within the Group and review of the process for identifying and monitoring risks.

4.2.3 Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those meetings of Directors during which matters falling within the Audit Committee's responsibilities scope are to be addressed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

4.3 Appointment Committee

4.3.1 Composition

The Appointment Committee is composed of a maximum of six members and includes Independent Directors.

4.3.2 Powers

- Issue recommendations on the appropriateness of appointments, revocations of appointments, dismissals and renewals of appointments of directors and the Chairman of the Board of Directors, members and the chairman of the audit, strategic and compensation committees, the Chief Executive Officer and Deputy Chief Executive Officers and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other members of the Board of Directors, of executive management or of the Executive Committee.
- Propose the qualification of relevant directors as Independent Directors of the Board of Directors.
- Verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman

of the Board of Directors on the number of Independent Directors.

- Be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Board of Directors or the Chief Executive Officer.
- Issue a recommendation, upon the Chief Executive Officer's proposal, on the acceptance and resignation by the Company from any office as member of the Board of Directors or any equivalent body and on the appointment and dismissal of permanent representatives of the Company on the said Board of Directors or equivalent bodies.

4.3.3 Operations

The Appointment Committee meets at least once each year and, in any case, prior to those meetings of the Board of Directors during which matters falling within its scope are to be reviewed. The frequency and duration of Appointment Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the committee's scope.

4.4 Compensation Committee

4.4.1 Composition

The Compensation Committee is composed of a maximum of six members and includes Independent Directors.

The Chairman and Deputy Chairman of the Board of Directors may serve on the Compensation Committee but may not participate in committee work concerning their own compensation.

4.4.2 Powers

The responsibilities of the Compensation Committee are the following:

- To make all recommendations to the Board of Directors on the compensation of the Chairman of the Board of Directors, of the Chief Executive Officer, of the Deputy Chief Executive Officer and of the members of the Executive Committee, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind.
- To be informed of planned compensation in the event of the breach of an employment agreement of the Chief Executive Officer, of the Deputy Chief Executive Officers or of a member of the Executive Committee and to render an opinion in this respect to the Chairman of the Board of Directors.
- To render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly in relation to the Chief Executive Officer, Deputy Chief Executive Officers and members of the Executive Committee; to make recommendations on the frequency of such awards and the terms and conditions of award.

4.4.3 Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those meetings of the Board of Directors during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the committee's scope.

4.5 Strategic Committee

4.5.1 Composition

The Strategic Committee is composed of a maximum of six members and includes Independent Directors.

4.5.2 Powers

The Strategic Committee's responsibilities are:

- Review and issue recommendations to the Board of Directors on projects for the strategic plans and annual budgets of the Company drawn up by the Chief Executive Officer. In this respect, the Committee may interview the Chief Executive Officer or the Deputy Chief Executive Officers on the assumptions applied in drawing up the said plans;
- Review and issue recommendations to the Board of Directors on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Board of Directors;
- Review and issue recommendations to the Board of Directors on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate;
- Review and issue recommendations to the Board of Directors on any borrowing or assumption of liabilities by the Company in an amount exceeding the threshold above which such transactions are subject to prior approval by the Board of Directors;
- Review and issue recommendations to the Board of Directors on all proposed mergers, spin-offs or asset transfers in connection with the Company;

- Review and issue recommendations to the Board of Directors on any proposal for the admission to trading on an organized exchange of negotiable securities issued by the Company or any of its subsidiaries;
- Review and issue recommendations to the Board of Directors on any transaction entailing a significant alteration in the scope of the business activities of the Company and its subsidiaries;
- Review the Group's financial position, in conjunction with the Audit Committee.

4.5.3 Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those meetings of the Board of Directors during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the committee's scope.

5. Evaluation of the Board of Directors

The Board of Directors shall assess periodically and at least on a yearly basis, its performance, covering the following aspects of its duties and commitment:

- Functioning modalities of the Board of Directors.
- Frequency of meetings of the Board of Directors and directors' attendance.
- Preparation and discussion of important matters.
- Scope of the directors' duties and their contribution to the work of the Board of Directors.
- Contribution of the Board of Directors to the development of the Company.
- Efficiency of the committees established by the Board of Directors.
- Involvement of the Board of Directors in decisions relating to operational or financial investment or divestiture projects.

The assessment of the performance of the Board of Directors is carried out by the active observer(s) (*censeur(s)*) or by an Independent Director. It may take the form of anonymous question forms sent to each director. Once a year, the directors may debate the results of this assessment of the Board of Directors, during a meeting of the Board of Directors and, under the supervision of an observer, or an Independent Director. Upon this assessment, the various aspects of the duties and commitment of the Board of Directors and of its members are reviewed and where appropriate, recommendations for a better operation are drawn up.

In addition, at least every three years, an assessment of the performance of the Board of Directors must be carried out with the assistance of an external consultant, and may be supervised by an Independent Director.

A summary on the evaluation and on any recommendations resulting from it shall appear in the Company's annual report.

6. Miscellaneous

6.1 Amendments to the Regulations

Any amendment to the Regulations requires a simple majority of the members of the Board of Directors.

6.2 Notification of the Regulations

The principal elements of the Regulations shall be brought to the attention of the market, initially through the Company's *Document de Base*, and then on an annual basis through the Company's *Document de Référence*, and also generally, in accordance with applicable legal or regulatory requirements

6.3 Disputes

In the event of any inconsistency between the Regulations and the Company's by-laws, the provisions in the Company's by-laws shall prevail.

Schedule 3 Articles of association

Updated further to the decisions of the Extraordinary Shareholders' Meeting of May 22, 2014

Article 1 – Form

The Company was created in the form of a *société par actions simplifiée* on December 15, 2004. The Combined Shareholders' Meeting of the Company of February 13, 2007, decided to adopt the form of a *société anonyme* with a Management Board and Supervisory Board as provided under articles L.225-57 *et seq.* of the French Commercial Code.

On May 22, 2014, the Company's Extraordinary Shareholders' Meeting decided to adopt the form of a *société anonyme* with a Board of Directors, as provided under articles L.225-17 *et seq.* of the French Commercial Code.

Thus it is governed by said articles and the other legal and regulatory provisions in force now and in the future governing *sociétés anonymes* (the "Law"), as well as by these By-Laws (the "By-Laws").

Article 2 – Corporate name

The Company's corporate name is: REXEL

All deeds and documents intended for third-parties must indicate the Company's name immediately preceded or followed by the words "*société anonyme*" (or the initials "SA"), "Board of Directors", the amount of the share capital as well as the place and number of the Company's registration with the companies' register.

Article 3 – Objects

The Company's main objects are to carry out the following activities, directly or indirectly, in France and abroad:

- The acquisition, holding, management and, as the case may be, sale or other transfer, of shares, any other securities and other interests in all French or foreign companies or groups, listed or non-listed;
- The supply of services to these companies or groups, by secondment of personnel, or otherwise, in particular to provide them with any advice and assistance concerning their organization, investments and respective financing, and the coordination of their policies in terms of development, product lines, supply and distribution;
- The acquisition, holding, administration and, as the case may be, sale or any other transfer, of any industrial or intellectual property rights, of all processes as well as the acquisition or granting of licenses on such rights, directly or indirectly connected with the objects described above;

And generally speaking, all transactions, in particular industrial, commercial, financial or stock market transactions, non-commercial transactions, movable or real estate asset transactions, directly or indirectly connected with the Company's objects described above or to similar or related objects, or objects likely to further the achievement thereof, in particular by loans or borrowings or the granting of guarantees and sureties covering its obligations or those of affiliates.

Article 4 – Registered office

The registered office is located at 13 boulevard du Fort de Vaux, 75017 Paris, France.

It may be transferred to any other place in the same French *département* or to a neighboring *département* by decision of the Board of Directors subject to the ratification of the next Ordinary Shareholders Meeting and, to any other place, pursuant to a decision of the Extraordinary Shareholders Meeting.

When the Board of Directors decides to transfer the registered office, it has authority to amend the Articles of Association accordingly.

Article 5 – Term

The Company's term is ninety nine (99) years beginning on the date of its registration with the Companies' register, except in the event of early dissolution or extension decided in accordance with the Law and these By-Laws.

Article 6 – Share capital

The share capital is of an amount of 1,415,862,255 euros. It is divided into 283,372,451 shares of a par value of 5 euros each, all of the same category and fully paid-up.

Each share entitles its bearer to the same rights, subject to the provisions below.

Article 7 – Alterations to the share capital

The share capital may be increased or reduced using all methods and in all manners authorized by law.

The Extraordinary Shareholders Meeting may also decide to divide the shares or to group them together.

Article 8 – Paying-up of the shares

The shares subscribed in cash are issued within the conditions stipulated by law.

Article 9 – Form of the shares

The Company's shares are registered or bearer shares, at the shareholder's choice, in the absence of legal or regulatory provisions which may impose the registered form in certain cases.

The Company's shares are registered on shareholders' accounts within the conditions and according to the procedures stipulated by law.

Article 10 – Identification of the shareholders

The Company keeps abreast of the composition of its shareholding within the conditions stipulated by law.

In this capacity, the Company may make use of all the provisions of law for identifying the owners of shares conferring immediately or in the future the right to vote in its shareholders meetings.

Thus, the Company may, among other things, request at all times, within the legal and regulatory conditions in force, from the central depository who keeps the account of the issuing of its shares, against a remuneration borne by the Company, information concerning the owners of shares conferring, immediately or in the future, the right to vote in its shareholders meetings, as well as the number of shares held by each of them and, as the case may be, the restrictions which may be imposed upon these shares.

After having followed the procedure described in the paragraph above and upon review of the list provided by the central depository, the Company may also request, either through this central depository, or directly from the persons appearing on this list and who, in the Company's opinion, may be registered on behalf of third-parties, the information concerning the owners of the shares referred to in the paragraph above.

In the instance of registered shares, the intermediary registered within the conditions stipulated by law is required to disclose the identity of the owners of these shares as well as the quantity of shares held by each of them upon simple request by the Company or its representative, within the legal and regulatory conditions which apply, its being understood that this request may be made at any time.

As long as the Company deems that certain owners whose identity has been communicated to it hold the shares on behalf of third-parties, it is entitled to request from these owners that they disclose the identity of the owners of these shares.

Following the identification procedures, and without prejudice to the obligations to declare significant holdings imposed by law, the Company may ask any legal entity which owns its shares and has a shareholding exceeding one fortieth of the share capital or voting rights of the Company, to inform it of the identity of the persons who own, directly or indirectly, over one third of the capital or voting rights of this legal entity.

Failure by the owners of shares or the intermediaries to meet their obligation to communicate the information referred to above may, within the conditions stipulated by law, entail the suspension or even the loss of the voting right and the right to payment of the dividend attached to the shares.

Article 11 – Transfer and assignment of shares – Crossing of threshold

1. Transfer and assignment of shares

Shares may be traded without restrictions, unless otherwise stipulated by law or the regulations. They are transferred from and to shareholder's account, within the conditions and according to the procedures stipulated by law.

2. Crossing of threshold

In addition to the legal obligation to inform the Company of the crossing of thresholds provided by law, any individual or legal entity who, acting alone or in concert, comes to own, directly or indirectly within the meaning of the law (and in particular article L.233-9 of the French Commercial Code) a number of shares representing a portion of the share capital or voting rights equal to or exceeding 1%, must inform the Company of the total number of shares and voting rights it holds, within 5 trading days following the crossing of this threshold, regardless of the date of the registration in account, by registered mail to the registered office of the Company or any other equivalent means for the holders or bearers of shares residing outside of France, specifying the total number of shares it owns which give access in the future to the share capital and voting rights attached thereto. This statement of crossing of threshold also indicates whether the shares or voting rights pertaining thereto are owned or not on behalf of or in concert with other individuals or legal entities and also specifies the date on which the threshold was crossed. It is renewed for the holding of each additional 1% fraction of the capital or voting rights, without limitation, including beyond 5%.

Failure to make such declaration duly, within the conditions stipulated above, will result in the shares exceeding the fraction which should have been declared being deprived of voting rights on the conditions stipulated by law, if one or several shareholders owning a fraction of the Company's capital or voting rights amounting to at least 1% make a request to this purpose which is recorded in the minutes of the shareholders meeting.

Any shareholder whose shareholding in the Company in capital and/or voting rights falls below one of the aforementioned thresholds is also required to inform the Company accordingly within the same deadline and according to the same forms, regardless of the reason thereof.

For calculating the aforementioned thresholds, account must be taken of the denominator of the total number of shares making-up the capital to which the voting rights are attached, including those shares deprived of voting rights, as published by the Company in accordance with law (the Company must specify in its publications the total number of shares with voting rights and the number of shares which have been deprived of voting rights).

Article 12 – Rights and obligations attached to the shares

1. Each share entitles its owner to a portion in the ownership of the Company's assets and in profits, which is proportional to the stake of the capital it represents.

   Furthermore, it carries entitlement to vote and to be represented in shareholders' meetings within legal and regulatory conditions.

2. The shareholders are liable for the Company's liabilities only up to the amount of their contributions in the Company.

   The rights and obligations remain attached to the share, regardless of ownership.

   Ownership of a share automatically implies acceptance of the By-Laws and decisions of the shareholders' meetings.

3. Whenever it is necessary to own several shares to exercise any right whatsoever, in the event of the exchange, grouping together or allotment of shares, or as a consequence of the increase or reduction of the capital, a merger or other corporate transaction, the owners of isolated shares, or a number of shares which falls short of the required number, can exercise these rights only on the condition that they personally undertake to group together and, as the case may be, purchase or sell the necessary shares.

Article 13 – Indivisibility of the shares – Bare ownership – Beneficial ownership

Shares are indivisible from the Company's point of view.

Co-owners of indivisible shares are required to be represented with the Company by a single party chosen among them or by a sole representative. Should they fail to agree on the choice of a representative, he or she will be appointed by order of the President of the commercial court ruling in chambers, at the request of the most diligent co-owner.

The voting right attached to the share belongs to the beneficial owner in Ordinary Shareholders Meetings, and to the bare owner in Extraordinary Shareholders Meetings.

Article 14 – Board of Directors

1. The Board of Directors is made up of at least 5 members and no more than 15 members, subject to the exception stipulated by law in the event of mergers.

   During the Company's term, the directors are appointed or renewed to office by the Ordinary Shareholders Meeting.

2. They are appointed for a maximum term of four years.

   However, the first directors appointed by the Shareholders' Meeting of May 22, 2014 and who were previously members of the Supervisory Board of the Company on the date of the Shareholders' Meeting of May 22, 2014 have been appointed for a period of time equal to the remainder of their term of office as members of the Supervisory Board of the Company.

   The term of office of a director expires at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such director expires.

   The Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the directors present or represented or, if unanimity is unable to be reached, by drawing lots. The term of office of the persons so designated will expire on the date determined by the unanimous decision of the Board of Directors or determined by the Chairman of the Board of Directors before the draw. The renewal of directors shall then be carried out in the order of length of service.

   Directors are always eligible for reelection.

   They may be dismissed at any time by the Ordinary Shareholders' Meeting.

   No individual exceeding the age of 70 may be appointed as director if such appointment raises the number of directors who are over this age to more than one-third.

3. Where, at the close of a financial year, the portion of share capital held by the employees of the Company, and of its related companies within the meaning of article L.225-180 of the French Commercial Code, pursuant to the provisions of article L.225-102 of said Code, is in excess of 3%, a director representing the employee shareholders shall be appointed by the

Ordinary Shareholders' Meeting in accordance with the terms set forth in the regulations in force and in the By-Laws, to the extent the Board of Directors does not already include a director who is an elected employee shareholder or employee.

The candidates for appointment to the office of employee-shareholder director are appointed in accordance with the following:

a) Where the voting right attached to the shares held by the employees or investment funds of which they are a member is exercised by the members of the supervisory board of said investment funds, the candidates are appointed by and from among the members of said supervisory board members; and

b) Where the voting right attached to the shares held by the employees (or by the investment funds of which they are a member) is directly exercised by said employees, the candidates are appointed during the consultation provided under article L.225-106 of the French Commercial Code, either by the employee shareholders' meeting held specifically for said purpose, or by written consultation. To be eligible, the candidates must be presented by a group of shareholders representing at least 5% of the shares held by the employees exercising their voting right in an individual capacity.

4. The directors may be individuals or legal entities. If they are legal entities, at the time of their appointment, they must appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same liabilities as if he or she were a director in his or her own name, without prejudice to the joint and several liability of the legal entity that he or she represents. This position of permanent representative is granted to him or her for the duration of the term of office of the legal entity he or she represents. It must be renewed each time the term of office of this legal entity is renewed.

If the legal entity dismisses its representative, it is required to immediately notify the Company of this dismissal, by registered mail, along as well as unavailability of the identity of its new permanent representative. The same is true in the event of the death, resignation or extended impediment of the permanent representative.

5. If one or several seats on the Board of Directors become vacant between two shareholders' meetings subsequent to the death or resignation of a member, the Board of Directors may make one or several provisional appointments.

Appointments of directors made by the Board of Directors are subject to the approval of the upcoming Ordinary Shareholders Meeting.

Failing approval, the decisions made and acts performed previously remain, nonetheless valid.

If the number of directors falls below three, the remaining directors must immediately convene an Ordinary Shareholders Meeting for the purpose of completing the Board of Directors.

The director appointed to replace another member remains in office only for the time remaining on his or her predecessor's term.

6. A person cannot be appointed as a director if he or she does not comply with the rules governing the plurality of duties, incompatibility, forfeiture or prohibition stipulated by the law.

The number of directors linked to the Company by an employment agreement shall not exceed one third of the directors in office.

Article 15 – Shares owned by the members of the Board of Directors

The members of the Board of Directors are not obliged to hold any share(s) of the Company.

Article 16 – Chairman of the Board of Directors – Vice-chairman of the Board of Directors – Officers of the Board of Directors

1. The Board of Directors elects among its members who are individuals, a Chairman and, as the case may be, a Deputy Chairman whose duties last as long as their duties as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

2. The Chairman of the Board of Directors may not be above 65 years of age; his/her functions automatically expire on the December 31 of the year of his/her 65th birthday.

The Chairman of the Board of Directors represents the Board of Directors. He/she is responsible for convening the Board of Directors and organizing and leading its work, and for reporting on the work of the Board of Directors to the shareholders' meeting. He/she oversees the proper operation of the Company's bodies and in particular ensures that the directors are in a position to discharge their duties.

Subject to complying with the provisions of the law and of the By-Laws, the Chairman is always eligible for reelection.

3. In the event of the Chairman's unavailability, the Deputy Chairman performs the same duties and enjoys the same powers as the Chairman.

The Deputy Chairman may also act as Referent Director. The duties of the Referent Director are determined in the Board of Directors' internal regulations.

As an exception to the foregoing, the appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman shall also act as Referent Director.

Subject to complying with the provisions of the law and of the By-Laws, the Deputy Chairman is always eligible for reelection.

4. The Board of Directors also appoints a Secretary, who need not be a member thereof. He or she, along with the Chairman and Deputy Chairman, are the officers of the Board of Directors. In the Secretary's absence, the Board of Directors appoints one of its members or a third party to act as substitute secretary.
5. The Board of Directors is presided by the Chairman or, in the Chairman's absence, by the Deputy Chairman or by a director chosen by the Board of Directors at the start of the meeting.

Article 17 – Proceedings of the Board of Directors

1. The Board of Directors meets as often as required by the Company's interests, and at least quarterly, upon notice from its Chairman or Deputy Chairman.

   Unless otherwise agreed in writing by all the members of the Board of Directors, notices are to be made by all written means, including by fax or e-mail, at least three (3) days prior to the date of the meeting, and are to be accompanied by the meeting's agenda and all documents prepared to be submitted to the Board of Directors. Nonetheless, when all the members of the Board of Directors are in presence or represented (including by participating or being represented during telephone or audiovisual conferences) at a meeting, this meeting may occur without prior notice and without the obligation to comply with the three-day (3) notice.

   The meeting takes place either at the registered office or in any other location indicated in the notice.

   Nonetheless, if the Board of Directors has not met in more than two months, a group of directors may, provided they represent at least one third of the directors in office, request the Chairman to call the Board of Directors on a specific agenda. In all other cases, the agenda is drawn up by the Chairman and must in any event be mentioned in the notice.
2. The Board of Directors may validly transact business only if at least one half of its members are in presence.

   Decisions are approved at a majority of the votes of the members in presence or represented, and each member of the Board of Directors is entitled to one vote and may represent only one of his or her peers.

   In accordance with the regulations in force, internal regulations for the Board of Directors will be drafted in order to determine the participation and voting in meetings of the Board of Directors convened by videoconference or using any other means of telecommunication.

   Subject to the internal regulations of the Board of Directors so providing, the directors who attend meetings of the Board of Directors by videoconference or other telecommunications means in accordance with the internal regulations, will be considered as present for calculating the quorum and the majority.

   In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors is made up of an even number of directors in office and solely at meetings chaired by the Chairman of the Board of Directors.
3. A register of attendance is kept and signed by the directors attending the meeting of the Board of Directors and which, as the case may be, must mention the names of the directors who attended the meeting by videoconference or using other telecommunications means.
4. Deliberations of the Board of Directors are recorded in minutes established in accordance with the legal provisions in force, and signed by the Chairman of the meeting and by at least one director or, in the event of the Chairman's unavailability, by at least two directors.

   Copies or extracts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily acting as Chairman, or a representative duly empowered for this purpose.

Article 18 – Powers of the Board of Directors

1. The Board of Directors determines the direction of the Company's business and sees to its implementation. Subject to the powers expressly conferred to the shareholders' meetings and within the scope of the corporate purpose, it acts on all matters relating to the proper operation of the Company and manages the Company's business through its deliberations.

   In its relationships with third-parties, the Company is bound even by the *ultra vires* acts of the Board of Directors, unless it is able to prove that the third party was aware of the *ultra vires* nature of the relevant act, or could not have been unaware of it in the circumstances, it being specified that the mere publication of the By-Laws shall not suffice to establish such proof.

The Board of Directors conducts all controls and verifications it deems appropriate.

Each director receives all information required for him/her/it to discharge his/her/its duties, and may obtain copies of any and all documents its deems useful from the Chairman.

2. The Board of Directors grants the Chief Executive Officer all authorizations prior to the granting of sureties, endorsements and guarantees, the sale of real estate assets, total or partial sales of interests and the creation of sureties.
3. The Board of Directors' internal regulations determines the decisions that are subject to the prior authorization of the Board of Directors.
4. The Board of Directors may confer special powers for one or more specific purposes to one or more of its members or to any third-parties, who need not be shareholders.
5. The Board of Directors may appoint, among its members, one or several specialized committees whose membership and powers it determines and which carry out their activity under its responsibility.

The rules governing the operation of said committees are determined in the internal regulations of the Board of Directors and, as the case may be, are specified in the internal regulations established by each of the committees and approved by the Board of Directors.

Article 19 – Executive management

1. The Company's executive management is exercised, under his/her responsibility, either by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

   The Board of Directors chooses one of the two aforementioned executive management methods, by the majority set forth in §2 of article 17 of the By-Laws. The shareholders and third-parties are informed of the method chosen in accordance with the provisions of the Law.

   The executive management method applies until a contrary decision is made in accordance with the same procedure.

   Changes in the Company's executive management organization does not entail any amendment of the By-Laws.

   The Board of Directors is required to meet in order to deliberate on potential changes to the executive management organization, either at the request of the Chairman or of the Chief Executive Officer, or at the request of at least one-third of its members.

2. Where the Company's Executive Management is discharged by the Chairman, the provisions of the laws, of the regulations and of the By-Laws in relation to the Chief Executive Officer are applicable to him/her and he/she assumes the title of Chairman and Chief Executive Officer.

   Where the Board of Directors chooses to dissociate the Chair of the Board of Directors from the Executive Management of the Company, the Board of Directors appoints the Chief Executive Officer, sets his/her term of office and the scope of his/her powers, in keeping with the provisions of the Law and of the By-Laws. The decisions of the Board of Directors that limit the powers of the Chief Executive Officer are unenforceable against third-parties.

   In order to exercise his/her functions, the Chief Executive Officer must be less than 65 years of age. If the Chief Executive Officer reaches such age limit in the course of his/her term of office, his/her term of office automatically expires and the Board of Directors appoints a new Chief Executive Officer. His/her term of office as Chief Executive Officer is however extended until the date of the meeting of the Board of Directors called to appoint his/her successor. Subject to the aforementioned age limit, the Chief Executive Officer is always eligible for reelection.

   The Chief Executive Officer's functions may be terminated by the Board of Directors at any time.

   In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may delegate the functions of chief executive officer to a director.

3. The Chief Executive Officer has the broadest powers to act in the name of the Company, in all circumstances. He/she exercises such powers within the scope of the corporate purpose and subject to the powers that the law expressly confers on the shareholders' meetings and on the Board of Directors. He/she represents the Company in its relationships with third-parties.

   The Chief Executive Officer may request the Chairman to call the Board of Directors on a specific agenda.

   Where the Chief Executive Officer is not also a director, he/she may attend the meetings of the Board of Directors in an advisory capacity.

4. On the proposal from the Chief Executive Officer, the Board of Directors may appoint one to a maximum of five private persons to assist the Chief Executive Officer, bearing the title of Deputy Chief Executive Officer, and

determines the scope and duration of their powers, it being understood that, in the relationships with third-parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The functions of the Deputy Chief Executive Officer(s) may be terminated by the Board of Directors, at any time, on proposal of the Chief Executive Officer.

In the event of termination of the Chief Executive Officer's functions, or of unavailability of the Chief Executive Officer, the Deputy Chief Executive Officer(s) retain his/her functions and powers until a new Chief Executive Officer is appointed, unless otherwise decided by the Board of Directors.

5. The Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), may be authorized to grant substitutions of their authority, subject to the limitations set forth in applicable laws and regulations.

Article 20 – Remuneration of the Directors, the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer and the representatives of the Board of Directors

1. The Ordinary Shareholders Meeting may remunerate the directors for their activities, in the form of attendance fees in a fixed annual amount which are charged to the Company's operating costs and which are maintained until otherwise decided by the shareholders meeting.

   The Board of Directors distributes this remuneration among its members as it deems fit.

2. The remuneration of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Chief Executive Officers is determined by the Board of Directors. It may be fixed or variable, or both fixed and variable.

3. The Board of Directors may allocate exceptional remunerations for duties or mandates entrusted to members of the Board of Directors; in this case, this remuneration is charged to operating expenses and is subject to the approval of the Ordinary Shareholders Meeting in accordance with the procedure set forth in articles L.225-38 to L.225-42 of the French Commercial Code.

4. The Board of Directors may authorize the reimbursement of travel and transportation expenses incurred by its members in the Company's interest.

   No remuneration, permanent or otherwise, other than that stipulated here shall be allocated to the members of the Board of Directors, unless they are linked to the Company under an employment agreement within the conditions authorized by law.

Article 21 – Observers

The Board of Directors may appoint up to three observers. The observers are called to attend meetings of the Board of Directors in an advisory capacity. They may be members of the committees created by the Board of Directors.

They need not be chosen from among the shareholders and may receive compensation determined by the Board of Directors.

The observers are appointed for a maximum term of four years. The observers are always eligible for a renewal of their functions, which may be terminated at any time.

Article 22 – Agreements entered into between the Company and its shareholders or officers and directors

Any agreement entered into between the Company and its shareholders or any one shareholder, or between the Company and its directors and officers or any director or officer, whether directly or through an intermediary, shall be subject to the applicable procedure defined by Law.

The foregoing provisions do not apply to agreements in respect of ordinary transactions entered into on arms' length terms. Such agreements must however be disclosed by each relevant party to the Chairman of the Board of Directors, who provides a list and the subject-matter of such agreements to the members of the Board of Directors and to the statutory auditors no later than on the date of the Board of Directors' meeting called to close the financial statements for the financial year ended.

Article 23 – Liability

The directors and the Chief Executive Officer are individually or jointly liable, as the case may be, towards the Company and third-parties for any breaches of the provisions of the laws and regulations applying to a French *société anonyme*, for any breach of the By-Laws, as well as for their negligence in connection with their management activities, all in accordance with the provisions of the Law.

Article 24 – Statutory auditors

The shareholders meeting appoints, in accordance with the law, one or several acting and alternate statutory auditors who perform the duties stipulated by law.

Statutory auditors are appointed for six financial years, and their duties expire following the Ordinary Shareholders Meeting resolving on the accounts of the sixth financial year. They perform their audit duties in accordance with law.

Article 25 – Shareholders meetings

Collective decisions of the shareholders are voted in shareholders meetings, which are referred to as ordinary, extraordinary or special, depending on the nature of the decisions they are called to resolve upon.

Any duly constituted shareholders' meeting represents all of the shareholders.

Decisions of the shareholders meetings are binding upon all shareholders, even those who are absent, dissenting or subject to incapacity.

Article 26 – Convening of shareholders meetings

Shareholders meetings are convened by the Board of Directors, in accordance with the procedures and deadlines determined by Law or, failing this, by any person authorized by law.

Shareholders meetings are convened at the registered office or in any other location stipulated in the notice of the meeting.

Article 27 – Agenda

1. The agenda of shareholders meetings is determined by the author of the notice.
2. The shareholders meeting may not vote on any item which is not on its agenda, which cannot be modified on second notice. However, it may, in any circumstances, dismiss and replace one or several members of the Board of Directors.

Article 28 – Access to shareholders meetings

1. The right to attend shareholders meetings is subject to:
   - for the owners of registered shares, the registration of the shares in the shareholder's name in the Company's registers at least three (3) business days prior to the date of the shareholders' meeting;
   - for the owners of bearer shares, the filing within the conditions stipulated by law, of the certificate issued on the basis of the participation voucher issued by the authorized intermediary at least three (3) business days prior to the date of the shareholders meeting.
2. A shareholder may be represented by any other shareholder, by his or her spouse or by the person with whom he or she has entered into a civil solidarity pact *(pacte civil de solidarité)*. In addition, a shareholder may be represented by any other individual or entity of its choice:

   (i) when the shares of the Company are listed on a regulated market;

   (ii) when the shares of the Company are listed on a multilateral trading facility that submits itself to legislative or regulatory provisions which aims at protecting investors against insider trading, market manipulation and diffusion of false information under the conditions set forth in the general rules of the *Autorité des marchés financiers*, mentioned on a list drawn up by the *Autorité des marchés financiers* under conditions set forth in its general rules.

   The proxy and, as the case may be, its withdrawal must be in writing and provided to the Company, under the conditions set forth by the Law.
3. A shareholder may vote by mail on a form completed and sent to the Company within the conditions stipulated by law.

   This form may appear, as the case may be, on the same document as the proxy form; in this case, the sole document must comprise the references and information stipulated by regulatory provisions. The form must be received by the Company at least three (3) days prior to the date of the meeting, failing which, no account will be taken thereof. An electronic signature can take the form of a process meeting the conditions defined in the first sentence of the second paragraph of article 1316-4 of the French Civil Code.

   A shareholder may also, if the Board of Directors so decides at the time of the convening of the shareholders meeting, attend and vote in the shareholders meeting using electronic telecommunication or transmission means permitting his or her identification within the conditions stipulated by law.
4. Shareholders who take part in the shareholders meeting by videoconference or electronic telecommunications or transmission means permitting their identification on the conditions determined by law will be considered as present for calculating the quorum and the majority.

Article 29 – Attendance register – Officers – Minutes

1. An attendance register is kept at each shareholders meeting which contains the information required by law.

   This attendance register, duly initialed by the shareholders in presence and the proxies, to which the proxy forms granted to each representative are appended, and as the case may be the mail voting forms, is certified accurate by the officers of the meeting.
2. Shareholders' meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Deputy Chairman of the Board of Directors or by a member of the Board of Directors specially appointed for this purpose.

If the meeting is convened by the statutory auditors, a court representative or the liquidators, the meeting is chaired by one of them.

In any case, failing the authorized person or the person appointed to chair the meeting, the meeting elects its Chairman.

The duties of tellers are performed by the two shareholders in presence and acquiescing who represent, either themselves or as representatives, the greatest number of shares.

The officers, once appointed, appoint a secretary who need not be a shareholder.

The officers' duty is to verify, certify and sign the register of attendance, to ensure the proper conduct of the proceedings, to settle incidents occurring during the meeting, to check the votes issued and to monitor the regularity thereof, and to supervise the drafting of the minutes and sign them.

3. Minutes are drafted and copies or extracts of the proceedings are issued and certified in accordance with law.

Article 30 – Quorum – Vote – Number of votes

1. In Ordinary and Extraordinary Shareholders Meetings, the quorum is calculated on the basis of all the shares making-up the share capital, after deducting the shares deprived of voting rights pursuant to the provisions of law.

   In the case of a vote by mail, account is taken for calculating the quorum only of the forms received by the Company prior to the convening of the meeting, within the conditions and the deadlines stipulated by law.

2. In Ordinary and Extraordinary Shareholders Meetings, the shareholder has as many votes as he or she owns or represents shares, without limitation.

3. The vote is held and the votes expressed according to the decision of the officers of the meeting, by a raising of hands, e-mail or using any telecommunications means permitting the identification of the shareholders within the conditions imposed by the regulations in force.

Article 31 – Ordinary Shareholders Meeting

1. The Ordinary Shareholders Meeting is the meeting called to vote all decisions which do not amend the By-Laws.

   It is convened at least yearly, within the legal and regulatory deadlines in force, to resolve on the accounts and, as the case may be, on the consolidated accounts of the previous financial year.

2. The Ordinary Shareholders Meeting voting within the quorum and majority conditions required by the provisions governing it, exercises the powers granted to it by law.

Article 32 – Extraordinary Shareholders Meeting

1. The Extraordinary Shareholders Meeting alone has the power to amend any and all of the provisions of the By-Laws. Nonetheless, it cannot increase the shareholders' commitments, subject to the operations resulting from an exchange or grouping of shares duly decided and carried out.

2. The Extraordinary Shareholders Meeting, voting within the quorum and majority conditions required by the provisions governing it, exercises the powers granted to it by law.

Article 33 – Shareholders' information right

Shareholders are entitled to be provided with the documents which are necessary to allow them to take a stand with full knowledge of the facts and to bear an enlightened judgment on the Company's management and operations.

The nature of these documents and in the conditions of mailing or availability thereof are determined by the law.

Article 34 – The financial year

The financial year lasts for twelve months. It begins on January 1 and ends on December 31 of each year.

Article 35 – Annual accounts – Management report

Regular accounts are kept of the Company's operations, in accordance with law.

At the end of each financial year, the Board of Directors drafts an inventory of the various assets and liabilities existing as at this date.

It also draws-up the balance sheet describing the assets and liabilities and presenting separately the equity capital, the income statement showing the year's income and expenses, as well as the appendix supplementing and commenting the information provided on the balance sheet and the income statement.

Even in the event that there are no profits or insufficient profits, the necessary amortizations and provisions are made. The amount of the commitments secured, endorsed or guaranteed by the Company is mentioned in the appendix.

The Board of Directors establishes the management report on the Company's situation within the conditions stipulated by law.

Article 36 – Establishment, allocation and distribution of profits/losses

The income statement, which shows the year's income and expenses, shows the year's profits after subtracting amortizations and provisions.

From the year's profit, minus previous losses, as the case may be, at least five percent (5%) are deducted to create the legal reserve. This deduction ceases to be mandatory when the reserve amounts to one tenth of the share capital; it is resumed when the legal reserve falls, for any reason whatsoever, below this percentage.

The distributable profits are made up of the year's profit minus previous losses and the amounts placed on reserve, pursuant to law and the By-Laws, plus the profits carried forward.

From this profit, the shareholders meeting may deduct all amounts deemed useful by the Board of Directors to endow all provident funds or optional, ordinary or extraordinary reserves, or to carry forward or distribute. The balance, if any exists, is distributed among all the shareholders proportionately.

Furthermore, the shareholders meeting may decide to distribute amounts deducted from the available reserves, indicating expressly the reserve items from which the deductions are made. Nonetheless, dividends are deducted by priority from the year's distributable profit.

Except in the case of a reduction in the share capital, no amounts can be distributed to the shareholders when the equity capital is or would fall, following such distribution, below the amount of the capital plus the reserves of which the law or the By-Laws prohibit the distribution.

The revaluation differential is not distributable. It may be incorporated partially or entirely into the capital. Losses, if any, are carried forward, after approval of the accounts by the shareholders' meeting, to be charged to the profits of subsequent years until they are liquidated.

Article 37 – Procedures for paying dividends

1. The shareholders' meeting is entitled to grant to each shareholder, for all or a portion of the dividend or interim dividends distributed, an option between cash payment and payment in Company shares within the conditions determined by law.
2. The procedures for paying dividends in cash are determined by the shareholders' meeting or, failing that, by the Board of Directors.

   Payment of the dividends in cash must take place within a maximum period of nine (9) months following the end of the financial year, unless this period is extended by authorization of the court.

   No refunding of the dividend can be demanded from the shareholders except when it has been distributed in breach of legal provisions and when the Company provides evidence that the beneficiaries were aware of the irregular nature of this distribution at the time it occurred or could not have ignored it given the circumstances. As the case may be, action for recovery is time-barred, thirty (30) years after the payment of these dividends.

   Dividends which are not claimed within five (5) years of their payment are no longer valid.

Article 38 – Dissolution – Liquidation

At the time of the Company's expiry or in the event of early dissolution, the Extraordinary Shareholders' Meeting settles the liquidation method and appoints one or several liquidators whose powers it determines and who perform their duties in accordance with the law.

Article 39 – Disputes

All disputes which might arise during the Company's term or at the time of its liquidation, either between the shareholders, the management or auditing bodies and the Company, or among the shareholders themselves, regarding Company's business, will be settled in accordance with the law and submitted to the competent courts entertaining jurisdiction.

Article 40 – Publicity – Powers

The publicity formalities required by the law will be carried out at the diligence of the Chief Executive Officer or Deputy Chief Executive Officer with special powers for this purpose.

9.4.2 Text of the draft resolutions to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 22, 2014

I. Resolutions to be submitted to the Ordinary Shareholders' Meeting

• First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2013)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the statutory auditors on the financial statements for the financial year ended December 31, 2013,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2013, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The annual financial statements show a profit of €267,679,377.60.

In accordance with the provisions of article 223 quarter of the French General Tax Code, the Shareholders' Meeting approved the global amount of the costs and expenses referred to under article 39-4 of the French General Tax Code which stood at €31,685.36 for the closed financial year, corresponding to an assumed income tax amounting to €15,552.

• Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2013)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the statutory auditors on the consolidated financial statements for the financial year ended December 31, 2013,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2013, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The consolidated financial statements show a profit of €211.0 million.

• Third resolution

(Allocation of profit for the financial year ended December 31, 2013 and payment of the divend)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to allocate the profits for the year ended December 31, 2013, which amounted to €267,679,377.60 as follows:

Origin of the income to be allocated:	
– Profits from the financial year 2013	€267,679,377.60
– Previous carry forward at December 31, 2013	€32,715,037.92
Total	**€300,394,415.52**
Allocation of profit :	
– 5% to the statutory reserve	€13,383,968.88
– Dividend	€211,250,259.00
Through a deduction from:	
• profits from the financial year 2013	€211,250,259.00
– The balance, to the carry forward account	€75,760,187.64
Total	**€300,394,415.52**

The Shareholders' Meeting sets the dividend in respect of the year ended 31 December 2013 at €0.75 per share giving right to such dividend.

The detachment of the coupon shall occur on June 2, 2014. The payment of the dividend shall occur on July 2, 2014.

The aggregate amount of dividend of €211,250,259.00 was determined on the basis of a number of shares composing the share capital of 283,337,214 as at December 31, 2013 and a number of shares held by the Company of 1,670,202 shares at the same date.

The aggregate amount of the dividend and, consequently, the amount of the carry forward shall be adjusted in order to take into account in particular the number of shares held by the Company at the date of payment of the dividend and, if applicable, the new shares granting right to dividends issued in accordance with the shares subscription options or in case of definitive attribution of free shares until the date of this Shareholders' Meeting.

The dividend is eligible to the 40% tax allowance benefiting to the natural persons which are residents in France for tax purposes, in accordance with article 158-3-2° of the French General Tax Code.

During the last three financial years, the Company has made the following net dividend payments per share:

	2012	2011	2010
Dividend per share (euros)	€0.75 (1)	€0.65 (1)	€0.40 (1)
Number of shares eligible	270,850,933	266,856,328	262,972,033
Total Dividend (euros)	€203,138,199.75 (1)	€173,456,613.20 (1)	€105,188,813.20 (1)

(1) Amount(s) eligible to the 40% tax allowance benefiting to the natural persons which are residents in France for tax purposes, in accordance with article 158-3-2° of the French General Tax Code.

- Fourth resolution

(Option for the payment of the dividend in new shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with articles L.232-18 *et seq.* of the French Commercial Code and article 39 of the Company's by-laws:

1. Decided to offer each shareholder the possibility to opt for the payment in new shares of the Company for the total amount of the dividend distributed and regarding the shares which they own. Each shareholder shall be able to exercise this option only for the total amount of the dividend for which it is offered;

2. Decided that the new shares, issued if the option referred to at paragraph 1 above is exercised; shall be issued at a price equal to 90% of the average of the opening prices listed on the 20 market days preceding the date of this Shareholders' Meeting reduced by the net amount of the dividend;

3. Decided that the new shares, issued if the option referred to at paragraph 1 above is exercised, shall give enjoyment as of January 1, 2014;

4. Decided that the shareholders shall be entitled to exercise the option referred to at paragraph 1 of this resolution between June 2, 2014 (included) and June 23, 2014 (included) by request formulated to the concerned financial intermediaries and, in case of non-exercise of the option before June 23, 2014 (included), the dividend shall be paid entirely in cash. The delivery of the shares shall intervene concomitantly with the payment of the dividend in cash, *i.e.* on July 2, 2014;

5. Decided that if the amount of the dividends for which the option is exercised does not correspond to an integer number of shares, the shareholder shall be entitled to receive the immediately inferior number of shares, completed by an adjustment payment *(soulte)* in cash made by the Company and equal to the difference between the amount of the dividends for which the option is exercised and the subscription price of the immediately inferior number of shares; and

6. Decided that all powers are conferred to the Management Board, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by law, in order to implement this resolution, to ensure the implementation of the payment of the dividend in new shares, to specify its modalities and execution, acknowledge the number of shares issued pursuant to this resolution and modify accordingly the provisions of article 6 of the Company's by-laws regarding the share capital and the number of shares composing the share capital.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Fifth resolution

(Authorization of related-party agreements referred to in articles L.225-86 et seq. *of the French Commercial Code)*

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Acknowledged the information relating to the agreements entered into and the commitments taken during previous financial years which are mentioned in the special report of the statutory auditors' on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code; and

Approved the following agreements entered into during the financial year ended December 31, 2013, which has been authorized by the Supervisory Board of the Company:

- Termination of the bilateral credit agreement entered into on July 28, 2010, between Rexel as borrower, Rexel Développement SAS as guarantor and Bayerische Landesbank as lender, of an amount of €40,000,000 and authorized by the Supervisory Board during its July 27, 2010 meeting. This termination was authorized by the Supervisory Board, during its February 11, 2013 meeting;
- amendments to the re-invoicing agreements entered into on March 14 and March 15, 2012 and November 23 and November 27, 2012 between Rexel and, respectively, Rexel Développement SAS and Rexel France, authorized by the Supervisory Board during its November 28, 2013 meeting;
- an amendment to the defined-benefit supplementary pension plan in force within Rexel since July 1, 2009 and entered into on April 29, 2011, authorized by the Supervisory Board during its October 30, 2013 meeting;
- the pension commitments taken by Rexel to the benefit of Mrs. Catherine Guillouard. These commitments have been authorized by the Supervisory Board, during its April 30, 2013 meeting.

• Sixth resolution

(Authorization of the performance criteria relative to the deferred compensation of Mrs. Catherine Guillouard referred to in article L.225-90-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Approved the commitments taken by the Supervisory Board on April 30, 2013 to the benefit of Mrs. Catherine Guillouard, due or likely to become due from as a result of the termination of, or a change in, her duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of article L.225-90-1 of the French Commercial Code, the agreement relative to Mrs. Catherine Guillouard set forth in the report.

• Seventh resolution

(Authorization of the performance criteria relative to the deferred compensation of Mr. Rudy Provoost referred to in article L.225-90-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Approved the modification made by the Supervisory Board of February 12, 2014 to the performance criteria relative to the commitments taken by the Supervisory Board to the benefit of Mr. Rudy Provoost, due or likely to become due from as a result of the termination of, or a change in, his duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of article L.225-90-1 of the French Commercial Code, the agreement relative to Mr. Rudy Provoost set forth in the report.

• Eighth resolution

(Authorization of the performance criteria relative to the deferred compensation of Mr. Pascal Martin referred to in article L.225-90-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Approved the modification made by the Supervisory Board of February 12, 2014 to the performance criteria relative to the commitments taken by the Supervisory Board to the benefit of Mr. Pascal Martin, due or likely to become due from as a result of the termination of, or a change in, his duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of article L.225-90-1 of the French Commercial Code, the agreement relative to Mr. Pascal Martin set forth in the report.

- Ninth resolution

(Authorization of the performance criteria relative to the deferred compensation of Mrs. Catherine Guillouard referred to in article L.225-90-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Approved the modification made by the Supervisory Board of February 12, 2014 to the performance criteria relative to the commitments taken by the Supervisory Board to the benefit of Mrs. Catherine Guillouard, due or likely to become due from as a result of the termination of, or a change in, her duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of article L.225-90-1 of the French Commercial Code, the agreement relative to Mrs. Catherine Guillouard set forth in the report.

- Tenth resolution

(Opinion on the elements of compensation due or granted for the financial year 2013 to Mr. Rudy Provoost, Chairman of the Management Board)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 24.3 of the AFEP-MEDEF Code of corporate governance of June 2013, to which the Company refers in application of article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the *Document de Référence* of the Company for the financial year ended December 31, 2013,

Give a favourable opinion on the elements of compensation due or granted in respect of the financial year ended December 31, 2013 to Mr. Rudy Provoost, Chairman of the Management Board, as described in the *Document de Référence* of the Company for the financial year ended December 31, 2013, Section 7.3.5 "Consultation on the corporate officers' individual compensation".

- Eleventh resolution

(Opinion on the elements of compensation due or granted for the financial year 2013 to Mrs. Catherine Guillouard and Mr. Pascal Martin, members of the Management Board)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 24.3 of the AFEP-MEDEF Code of corporate governance of June 2013, to which the Company refers in application of article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the *Document de Référence* of the Company for the financial year ended December 31, 2013,

Give a favourable opinion on the elements of compensation due or granted in respect of the financial year ended December 31, 2013 to Mrs. Catherine Guillouard and Mr. Pascal Martin, members of the Management Board, as described in the *Document de Référence* of the Company for the financial year ended December 31, 2013, section 7.3.5 "Consultation on the corporate officers' individual compensation".

- Twelfth resolution

(Appointment of Mr. Pier-Luigi Sigismondi as member of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French Commercial Code:

Resolved to appoint Mr. Pier-Luigi Sigismondi, born on January 23, 1966, of Italian nationality, residing 74 Fairhazel Gardens, London, NW6 3SR, United Kingdom, as member of the Supervisory Board, for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

- Thirteenth resolution

(Approval of the co-option of Mrs. Monika Ribar as member of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

In accordance with article L.225-78 of the French Commercial Code, decided to confirm the co-option of

Mrs. Monika Ribar as member of the Supervisory Board in replacement of Eurazeo, represented by Mr. Marc Frappier, for the remainder of the term of her predecessor, *i.e.*, until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2016, to be held in 2017. This co-option was approved by the Supervisory Board on October 30, 2013.

- Fourteenth resolution

(Approval of the co-option of Mr. François Henrot as member of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

In accordance with article L.225-78 of the French Commercial Code, decided to confirm the co-option of Mr. François Henrot as member of the Supervisory Board in replacement of Mr. Manfred Kindle, for the remainder of the term of his predecessor, *i.e.*, until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2016, to be held in 2017. This co-option was approved by the Supervisory Board on October 30, 2013.

- Fifteenth resolution

(Approval of the co-option of Mrs. Hendrica Verhagen as member of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

In accordance with article L.225-78 of the French Commercial Code, decided to confirm the co-option of Mrs. Hendrica Verhagen as member of the Supervisory Board in replacement of Mr. Akshay Singh, for the remainder of the term of her predecessor, *i.e.*, until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2013, to be held in 2014. This co-option was approved by the Supervisory Board on November 28, 2013.

- Sixteenth resolution

(Renewal of the term of office of Mrs. Hendrica Verhagen as member of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

In accordance with article L.225-75 of the French Commercial Code:

1. Acknowledged the end of the duties of Mrs. Hendrica Verhagen as member of the Supervisory Board effective as of the end of this Shareholders' Meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Mrs. Hendrica Verhagen, born on June 30, 1966, of Dutch nationality, residing at's Gravenpark 6 2902 LD Capelle aan den Ijssel, The Netherlands, for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

- Seventeenth resolution

(Renewal of the term of office of Mr. Patrick Sayer as member of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

In accordance with article L.225-75 of the French Commercial Code:

1. Acknowledged the end of the duties of Mr. Patrick Sayer as member of the Supervisory Board effective as of the end of this Shareholders' Meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Mr. Patrick Sayer, born on November 20, 1957, of French nationality, residing 72, boulevard de Courcelles, 75017 Paris, France, for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

- Eighteenth resolution

(Authorization to be granted to the Management Board to carry out transactions on the Company's shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to authorize the Management Board, with the option to delegate such authorization, in accordance with the provisions of article L.225-209 of the French

Commercial Code, of articles 241-1 to 241-6 of the General Regulations of the French financial markets authority (the **"AMF"**) and of Regulation N°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement in accordance with a market ethics charter acknowledged by the AMF;
- setting up any share purchase option plan with regard to the Companies' shares, in particular in accordance with articles L.225-177 *et seq.* of the French Commercial Code, any allocation of free shares, in particular in connection with group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code or in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any granting, allocation or transfer of shares in connection with profit-sharing plans or in connection with a shareholding plan to the benefit of the group employees set up outside of an employee savings plan, in particular for the needs of a "Share Incentive Plan" in the United Kingdom, as well as establishing hedging operations relating to these transactions, in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practice and applicable regulations;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
- cancelling all or part of the shares so repurchased, in accordance with, and subject to the approval of, the twenty-first resolution of this Shareholders' Meeting;
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares shall be carried out or paid by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions. The portion of the plan carried out through transactions involving blocks of shares may reach the total amount of the share repurchase plan.

This authorization shall be implemented pursuant to the following conditions:

- the maximum number of shares that the Company may purchase under this resolution shall not exceed 10% of the shares making up the share capital as at the date of completion of the repurchase of the shares of the Company;
- the number of shares acquired by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of the Company's share capital;
- the total maximum amount allocated to the repurchase of the shares of the Company shall not exceed €250 million;
- the maximum purchase price per share of the Company has been set at €30, it being specified that in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or grouping of shares, this maximum purchase price shall be adjusted accordingly by using a multiplying factor equal to the ratio between the number of shares making up the share capital prior to the relevant transaction, and the number of shares further to such transaction.

The shares repurchased and retained by the Company will be deprived of voting rights and will not give right to the payment of dividends.

The Company will not be able to pursue the implementation of its share repurchase program in the event of a public tender offer on the Company's shares.

Full powers were granted to the Management Board, with the option to delegate such powers to any person so authorized in accordance with the legal provisions, to achieve this share repurchase plan of the Company's shares, and in particular to give any stock exchange orders, enter into any agreement for the keeping of the purchase and sale registers, make any disclosures to the AMF and any other agencies, prepare any documents, in particular information documentation, allocate and, as the case may be, reallocate, subject to the conditions provided by the law, the shares acquired for the various purposes envisaged, carry out any formalities and, more generally, do as necessary.

This authorization is granted for a term of 18 months as from the date of this Shareholders' Meeting.

This authorization shall cancel, to the extent of the unused portion, and supersede the authorization granted by the twelfth resolution of the ordinary shareholders' meeting of the Company of May 22, 2013.

The Management Board will, every year, inform the shareholders' meeting of the operations carried out pursuant to this resolution, in compliance with article L.225-211 of the French Commercial Code.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any persons so authorized in accordance with the legal provisions subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

• Nineteenth resolution

(Determination of the attendance fees allocated to the members of the Supervisory Board)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to determine the amount of attendance fees allocated to the members of the Supervisory Board at the total maximum amount of €1,315,000 for the current financial year, and for each subsequent financial year until a new decision by a ordinary shareholders' meeting.

The allocation of this amount between the members of the Supervisory Board shall be determined by the Supervisory Board.

In the event the thirty-third resolution of this Shareholder's Meeting on changing the Company's mode of administration and managment would be adopted, the amount of attendance fees no authorized will benefit to the members of the Board of Directors.

• Twentieth resolution

(Approval of the decision of the Supervisory Board on the transfer of the Company's registered office)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided, in accordance with article L.225-65 of the French Commercial Code, to approve the decision of the Supervisory Board dated May 22, 2013, on the transfer of the Company's registered office from 189-193, boulevard Malesherbes, 75017 Paris, to 13, boulevard du Fort de Vaux, 75017 Paris, as well as the related amendment to the Company's by-laws.

II. Resolutions to be submitted to the Extraordinary Shareholders' Meeting

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• Twenty-first resolution

(Authorization to be granted to the Management Board to carry out a share capital decrease by cancellation of shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Authorized the Management Board to reduce the share capital, in one or several occurrences, in the proportions and at the times that it shall deem appropriate, by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized pursuant to the eighteenth resolution or prior to the date of this Shareholders' Meeting, within the limits of 10% of the share capital of the Company as at the date of the cancellation per period of 24 months, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code.

This authorization is granted for a term of 18 months as from the date of this Shareholders' Meeting.

Full powers were granted to the Management Board, with the power to delegate such powers, in order to:

– reduce the share capital by cancellation of the shares;
– determine the final amount of the share capital decrease;
– determine the terms and conditions thereof and acknowledge its completion;
– deduct the difference between the book value of the cancelled shares and their nominal amount from any available reserve and premium accounts;
– and in general, do as necessary for the proper performance of this authorization, amend the by-laws accordingly and carry out any required formalities.

This authorization shall cancel and supersede any prior authorization with the same purpose, in particular the authorization granted by the fourteenth resolution of the Extraordinary Shareholders' Meeting of the Company of May 22, 2013.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the power to delegate such powers, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Twenty-second resolution

(Delegation of authority to be granted to the Management Board in order to decide upon the issuance, with upholding of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately and/or in the future, to the share capital of the Company or to debt securities)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French Commercial Code, in particular articles L.225-129-2, L.225-132, L.225-133 and L.225-134, and the provisions of article L.228-91 *et seq.* thereof:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to decide the issuance, in one or several occurrences, to the extent and at the times that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, with upholding of the shareholders' preferential subscription right, of shares and/or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or against consideration, governed by articles L.228-91 *et seq.* of the French Commercial Code, which may be subscribed in cash, by offsetting due and payable receivables, or partly in cash and partly by capitalization of reserves, profits or issuance premiums;

2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;

3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, *inter alia*, debt securities, or be attached to the issuance of such securities, or allow the issuance thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;

4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €800 million, it being specified that:

   – the global maximum nominal amount of the share capital increases that may be carried out pursuant to this delegation, as well as under the twenty-third to thirtieth resolutions, may not exceed this global amount of €800 million;

   – this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided that the nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €1.5 billion or the equivalent value in euros as at the date of issuance, it being specified that:

   – the amount of all the debt securities, the issuance of which may be carried out pursuant to this resolution as well as under the twenty-third to twenty-sixth resolutions submitted to this Shareholders' Meeting may not exceed this global amount of €1.5 billion;

   – this limit does not apply to debt securities the issuance of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French Commercial Code;

   – this limit shall be increased, if necessary, by any redemption premium in excess of the par value;

6. Decided that, in accordance with the legal provisions and the conditions set by the Management Board, the shareholders shall have, in proportion to their number of shares, a preferential subscription right as of right in respect of the ordinary shares and securities conferring access to the share capital issued pursuant to this delegation of authority. The Management Board may establish a preferential subscription right for excess securities at the benefit of the shareholders, which shall be exercised in proportion to their rights and, in any case, to the extent of their applications.

   If subscriptions as of right and, where applicable, for excess securities, do not result in the full subscription of an issuance of shares or securities conferring access to the share capital decided pursuant to this delegation of authority, the Management Board may use, in the order that it deems appropriate, the options provided by article L.225-134 of the French Commercial Code, *i.e.*:

– limit, where appropriate, the issuance to the amount subscribed, subject to the reaching by said issuance of at least three-fourths of the issuance initially decided;
– freely allot all or part of the unsubscribed securities among any persons at its discretion; or
– offer to the public all or part of the unsubscribed shares;

7. Acknowledged that this delegation of authority automatically implies waiver by the shareholders, at the benefit of the holders of securities conferring access to the share capital of the Company, of their preferential subscription right in respect of the ordinary shares of the Company that such securities may be entitled to;

8. Decided that the issuances of share subscription warrants *(bons de souscription d'actions)* of the Company may be carried out either by subscription in cash under the terms set forth above, or by allocation free of charge to the owners of the existing shares.

   In case of allocation free of charge of individual subscription warrants *(bons autonomes de souscription)*, the Management Board will have the option to decide that the fractional allocation rights are not tradable, and that the relevant securities will be sold;

9. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, *inter alia* for the purposes of:

   – deciding the issuance of the shares, determining the form and characteristics of the shares to be issued and determining the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will confer access to ordinary shares of the Company;
   – determining all of the characteristics, amounts and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (*e.g.*, as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);
   – determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
   – at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
   – taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances;

10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;

11. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Twenty-third resolution

(Delegation of authority to be granted to the Management Board in order to decide the issuance, with cancellation of the shareholders' preferential subscription right, by way of a public offering, of ordinary shares and/or securities conferring access, immediately and/or in the future, to the share capital of the Company or to debt securities)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French Commercial Code, in particular articles L.225-129-2, L.225-135, L.225-136 and the provisions of articles L.228-91 *et seq.* of the French Commercial Code:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to decide the issuance, by way of public offering as defined at articles L.411-1 *et seq.* of the French Monetary and Financial Code, including by way of an offer including a public offering, in one or several stages, to the extent and at the times that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of shares and/or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or for a consideration, governed by articles L.228-91 *et seq.* of the French Commercial Code, which may be subscribed in cash, by offsetting due and payable receivables;
2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, *inter alia*, debt securities, or be attached to the issuance of such securities, or allow the issuance thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;
4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €280 million, it being specified that:
   - the nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €800 million determined by the twenty-second resolution above;
   - this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €1 billion or the equivalent value in euros as at the date of issuance, it being specified that:
   - this limit shall be increased, if necessary, by any redemption premium in excess of the par value;
   - this limit does not apply to debt securities the issuance of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French Commercial Code; and
   - this amount shall be deducted from the total limit of €1.5 billion for the issuance of debt securities determined by the twenty-second resolution above;
6. Decided to cancel the preferential subscription right of the shareholders in respect of the securities which may be issued pursuant to this resolution, nevertheless the Management Board shall be left with the option to establish, at the benefit of the shareholders, a right of priority as of right and/or for excess shares which does not entitle to the creation of tradable rights, pursuant to the provisions of article L.225-135 of the French Commercial Code;
7. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation give right;

8. Decided that, without prejudice to the terms of the twenty-sixth resolution below:
   - the issuance price of the new shares issued shall be determined in accordance with the applicable legal provisions on the date of issuance (at the date of this meeting, the average weighted share price of the Company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French Commercial Code);
   - the issuance price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the issuance price determined in the paragraph above;
9. Decided that, if subscriptions of shareholders and of the public do not result in the full subscription of an issuance of shares or securities conferring access to the share capital as defined above, the Management Board may use, in the order that it deems appropriate, one or more of the following options:
   - limit, where appropriate, the issuance to the amount subscribed, subject to said issuance reaching at least three-fourths of the issuance initially decided;
   - freely allot all or part of the unsubscribed securities among any persons at its discretion; or
   - offer to the public all or part of the unsubscribed shares;
10. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* for the purposes of:
    - deciding the issuance of the shares, determining the form and characteristics of the shares to be issued and the price and terms of issuance, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will confer access to ordinary shares of the Company;
    - determining all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (*e.g.*, as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);
    - determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
    - at its sole initiative, charging the expenses of the share capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts for the legal reserve; and
    - taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amending the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, applying for any necessary authorizations for the completion and proper performance of these issuances;
11. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
12. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers

having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with the law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Twenty-fourth resolution

(Delegation of authority to be granted to the Management Board in order to decide upon the issuance, with cancellation of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately and/or in the future, to the share capital of the Company or to debt securities by way of an offering as defined in article L.411-2 II of the French Monetary and Financial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French Commercial Code, in particular articles L.225-129-2, L.225-135, L.225-136 and the provisions of articles L.228-91 *et seq.* of the French Commercial Code:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to decide upon the issuance, by way of an offering as defined in article L.411-2 II. of the French Monetary and Financial Code (meaning an offering exclusively to the benefit of (i) persons providing investment services consisting in portfolio management for third-parties or (ii) qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf), in one or several occurrences, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of shares and/or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or against consideration, governed by articles L.228-91 *et seq.* of the French Commercial Code, which may be subscribed in cash, by offsetting due and payable receivables;
2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, *inter alia*, debt securities, or be attached to the issuance of such securities, or allow the issuance thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;
4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €280 million, it being specified that:
   - Issuances of equity securities carried out under this delegation by an offer as defined in article L.411-2 II of the French Monetary and Financial Code may not exceed the limits set forth by applicable law as of the date of the issuance (at the date of this Shareholders' Meeting, issuances of equity securities by way of an offering as described in article L.411-2 II of the French Monetary and Financial Code are limited to 20% of the share capital of the Company per year, with such share capital being valued on the date of the decision of the Management Board to use such delegation);
   - the nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €800 million determined by the twenty-second resolution above;
   - this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €1 billion or the equivalent value in euros as at the date of issuance, it being specified that:
   - this limit shall be increased, if necessary, by any redemption premium in excess of the par value;

- this limit does not apply to debt securities the issuance of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French Commercial Code; and
- this amount shall be deducted from the total limit of €1.5 billion for the issuance of debt securities determined by the twenty-second resolution above;

6. Decided to cancel the shareholders' preferential subscription right to the securities that may be issued in application of this delegation;
7. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation give right;
8. Decided that, without prejudice to the terms of the twenty-sixth resolution below:
   - the issuance price of the new shares issued, determined in accordance with the law on the date of issuance (at the date of this meeting, the average weighted share price of the Company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French Commercial Code);
   - the issuance price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the issuance price determined in the paragraph above;
9. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia*, for the purposes of:
   - deciding the issuance of the shares, determining the form and characteristics of the shares to be issued and the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will confer access to ordinary shares of the Company;
   - determining all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (*e.g.*, as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);
   - determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
   - at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts for the legal reserve; and
   - taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amending the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, applying for any necessary authorizations for the completion and proper performance of these issuances;
10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;

11. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with the law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Twenty-fifth resolution

(Delegation of authority to be granted to the Management Board to increase the amount of issuances, with cancellation or upholding of the shareholders' preferential subscription right, pursuant to the twenty-second, twenty-third and twenty-fourth resolutions)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with article L.225-135-1 of the French Commercial Code,

1. Delegated to the Management Board the authority, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide to increase the number of shares or securities to be issued in the context of any issuance undertaken pursuant to the twenty-second, twenty-third and twenty-fourth resolutions above, whenever the Management Board notes that there is an oversubscription, at the same price as that applied to the initial issuance, within a time period and subject to the limitations set forth by the applicable regulations at the date of the issuance (at the date of this Shareholders' Meeting, for a period of 30 days as from the closing of the subscription period and within a limit of 15% of the initial issuance);
2. Decided that the nominal amount of the decided issuances in application of this delegation shall be deducted from the initial issuance cap and the overall cap set by the twenty-second resolution of this Shareholders' Meeting;
3. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
4. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with the law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Twenty-sixth resolution

(Authorization to be granted to the Management Board to determine the price of issuances of ordinary shares or securities by way of public offering as defined in article L.411-2 II of the French Monetary and Financial Code, with cancellation of the shareholders' preferential subscription right, within the limit of 10% of share capital per year)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with article L.225-136 of the French Commercial Code:

1. Authorized the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, to carry out any issuance of shares and/or securities conferring access, immediately or in the future, to the share capital of the Company issued under the twenty-third and twenty-fourth resolutions of this Shareholders' Meeting, to derogate to the conditions relating to the determination of the price set forth in the abovementioned twenty-third and twenty-fourth resolutions, in accordance with the provisions of article L.225-136 1° §2, and set such price in accordance with the following conditions:
   - the issuance price for shares will be at least equal to the weighted average price of the Company's shares on the regulated market of Euronext in Paris on the day preceding the date of issuance, less, as the case may be, a discount of up to 5%;
   - for securities conferring access to the share capital of the Company, the issuance price shall be determined so that the amount received immediately by the Company increased by, as the case may be,

any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above;

2. Decided that the maximum nominal amount of any share capital increase resulting from the implementation of this authorization may not exceed 10% of the share capital, over a 12-month period (such share capital to be assessed on the day of the decision by the Management Board determining the price for the issuance) it being specified that this limit shall be deducted from the amount of the limit applicable to the initial issuance and from the nominal limit set by the twenty-second resolution of this Shareholders' Meeting;
3. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* for the purposes of entering into any agreements in such respect, in particular in view of the proper performance of any issuance, to acknowledge the completion thereof and amend the by-laws accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorizations for the completion and proper performance of any issuance;
4. Decided that this authorization be granted for a term of 26 months as from the date of this Shareholders' Meeting;
5. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with the law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

• Twenty-seventh resolution

(Authorization to be granted to the Management Board to increase the share capital through the issuance of shares and/or securities conferring access to the capital of the Company with cancellation of the shareholders' preferential subscription right for the benefit of members of a company savings plan)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with, on the one hand, the provisions of articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French Commercial Code and, on the other hand, the provisions of articles L.3332-1 *et seq.* of the French Labor Code:

1. Authorized the Management Board to increase, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, in one or several occurrences, at its sole option, at the times and under the terms that it shall determine, the share capital of the Company by the issuance of shares and/or securities conferring access to the share capital of the Company, reserved for members of one or several company savings plan(s) *(plan d'épargne entreprise)* or group savings plan(s) *(plan d'épargne de groupe)* established by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French Commercial Code and of article L.3344-1 of the French Labor Code;
2. Decided to cancel the shareholders' preferential subscription rights in respect of new shares to be issued pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;
3. Decided that the issuance price(s) of the new shares or of the securities conferring access to the share capital shall be determined in accordance with the provisions of articles L.3332-19 *et seq.* of the French Labor Code and that the maximum discount shall amount to 20% of the average of the first trading prices during the 20 trading days preceding the date of the Management Board decision determining the opening date of the subscription period. However, the Shareholders' Meetings expressly authorize the Management Board to reduce the discount or to grant no discount, in particular in order to take into account the regulations applicable in the countries where the offer will be implemented;
4. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 2% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board it being specified that:
   - the maximum nominal amount of the share capital increase(s) that may be carried out pursuant to this delegation, as well as under the twenty-eighth resolution, may not exceed an amount of 2% of the share capital of the Company;

- the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit of €800 million set by the twenty-second resolution of this Shareholders' Meeting or by any resolution of a same nature that would be substituted to this resolution; and
- these amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided, pursuant to the provisions of article L.3332-21 of the French Labor Code, that the Management Board may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount;
6. Also decided that, should the beneficiaries referred to in the first paragraph above not subscribe to the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares; unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;
7. Granted full powers to the Management Board, with the option to delegate or sub delegate such powers, in accordance with the legal and regulatory provisions, to carry out this authorization, and in particular, for the purposes of:
   - determining the eligibility criteria for companies whose employees may benefit from the share capital increases carried out pursuant to this authorization, establishing the list of such companies;
   - determining the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determining the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determining the dates and terms and conditions of payment of the subscribed shares;
   - taking any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
   - deducting from the "issuance premiums" account the amount of the expenses relating to these share capital increases and charging, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amending the by-laws accordingly and, in general, carrying out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;
8. Decided that the authorization granted to the Management Board pursuant to this resolution shall be effective for a term of 26 months as from the date of this Shareholders' Meeting;
9. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate or subdelegate such powers, in accordance with the legal and regulatory provisions, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

• Twenty-eighth resolution

(Delegation of authority to the Management Board to increase the share capital, without preferential subscription rights, through a capital increase reserved to certain categories of beneficiaries in order to implement employee shareholding transactions)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the special report of the statutory auditors, deciding in accordance with the provisions of articles L.225-129-2 *et seq.* and L.225-138 of the French Commercial Code:

1. Delegated to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, the powers necessary to increase, on one or more occasions, at such time or times and in the amounts that it shall decide, through the issue of shares or any other securities giving access either immediately or in the future to the Company's share capital, such an

issue being reserved for persons meeting the criteria in the categories defined in paragraph 3. below;

2. Decided that the maximum nominal amount of the share capital increase(s) that may be carried out pursuant to this delegation shall not exceed 1% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board, it being specified that:
   - the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this delegation, as well as under the twenty-seventh resolution, may not exceed a limit of 2% of the share capital of the Company;
   - the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit of €800 million set by the twenty-second resolution of this Shareholders' Meeting or by any resolution of a same nature that would be substituted to this resolution; and
   - these amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
3. Decided to eliminate shareholders' preferential subscription rights to shares or securities, which may be issued pursuant to this resolution, and to reserve the right to subscribe to beneficiaries satisfying the following criteria:
   a) employees and directors and officers of foreign companies which are related to the Company within the meaning of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code; and/or
   b) employee shareholding UCITS or other entities, with or without an independent legal existence, which are invested in securities of the Company, and whose unitholders or shareholders are comprised of the individuals described in (a) above; and/or
   c) any banking institution or subsidiary of such an institution involved in the Company's request for the purposes of implementing a shareholding or savings plan for the benefit of the persons mentioned in (a) of this paragraph, insofar as recourse to the subscription of the person authorized in accordance with this resolution would allow the employees or directors and officers mentioned above to benefit from employee shareholding or savings formulae equivalent in terms of economic advantage to those from which the other Rexel employees would benefit in comparable situations; and/or
   d) one or several financial institutions mandated in connection with the Share Incentive Plan (SIP) established for the benefit of employee and directors and officers of companies which are related to the Company within the meaning of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code whose registered offices are located in the United Kingdom;
4. Decided that the issue price of the new shares shall be determined in the following manner:
   a) the share price(s) may be determined pursuant to the same conditions as set forth in article L.3332-19 of the French Labor Code. The discount shall be set at a maximum of 20% of the average of Company's share prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period. The Shareholders' Meeting expressly authorized the Management Board to reduce or eliminate the discount hereby granted as it deems appropriate in order to take into account, in particular, the local legal, accounting, tax or social security considerations applicable in the countries of residence of members of a savings plan who are beneficiaries of the capital increase;
   b) in accordance with the local regulations applicable to the SIP, the subscription price may be equal to the lower share price between (i) the share price on the regulated market of Euronext in Paris at the opening of the reference period of this plan, such period shall not exceed 12 months, and (ii) the share price recorded following the close of such period within a given timeframe determined in accordance with said regulations. This price shall be set without a discount in relation to the retained share price;
5. Decided that the Management Board, with the option to delegate or sub delegate such powers, in accordance with the legal and regulatory provisions, shall have full powers in accordance with the law and restrictions set above, particularly in order to:
   - determine the list of beneficiary(ies), from among the categories above, in favor of whom the preferential subscription rights have been eliminated as well as the number of shares to be subscribed by each of them;
   - set the amounts of the issuances that will be carried out pursuant to this delegation of authority and to fix the issue price, the dates, the time limits, methods and terms and conditions of subscription, payment in full, delivery, entitlement to dividends, the rules in reducing the subscriptions in the event of an

over-subscription as well as any other terms and conditions of the issuances, within the legal and regulatory limits in force;

- to confirm the share capital increase up to the amount of the shares subscribed (after any potential reduction in the event of an over-subscription);
- as applicable, charge the expenses related to the share capital increase to the premiums from this increase, and deduct from that amount the amounts necessary to bring the legal reserve to one-tenth of the new share capital after the share capital increase.

6. Decided that this delegation shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

This delegation to the Management Board is granted for a period of 18 months as from the date of this Shareholders' Meeting.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate or subdelegate such powers, in accordance with the legal and regulatory provisions, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

• Twenty-ninth resolution

(Delegation of powers to be granted to the Management Board to decide to issue ordinary shares and/or securities conferring access to the share capital of the Company within the limit of 10% of the share capital, without preferential subscription rights, in consideration for contributions in kind granted to the Company)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with the provisions of articles L.225-129 *et seq.* and L.225-147 §6 of the French Commercial Code:

1. Delegated its authority to the Management Board, when the provisions of article L.225-148 of the French Commercial Code are not applicable, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide, based on the report of the valuing auditor(s) *(commissaire(s) aux apports)* referred to in §2 of article L.225-147 referred to above, upon the issuance of ordinary shares and/or securities conferring access by any means, immediately or in the future, to shares, existing or to be issued, of the Company as a consideration for the contributions in kind granted to the Company and consisting of shares or securities conferring access to the share capital;
2. Decided that the limit of the global nominal amount of the share capital increase(s) that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 10% of the share capital of the Company appraised as at the date of the decision of the Management Board, it being specified that:
   - this limit shall be deducted from the overall limit of €800 million set by the twenty-second resolution of this Shareholders' Meeting;
   - this limit does not include the nominal amount of the additional shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;
3. Decided, as necessary, to cancel the preferential subscription right of the shareholders in respect of these ordinary shares or securities at the benefit of the holders of shares or securities, subjects of the contribution in kind, and acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential subscription right for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation may give right;
4. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, *inter alia* for the purposes of:
   - deciding, on the basis of the report of the valuing auditor(s) *(commissaire(s) aux apports)* referred to in §2 of article L.225-147 of the French Commercial Code, on the valuation of the contributions in kind and the granting of special benefits;
   - determining the number of shares to be issued in consideration of the contributions as well as the dividend entitlement date of the shares to be issued,
   - deducting, if applicable and if it deems appropriate, from the relevant premiums, the fees and expenses resulting from the issuances and charge against such amounts the amounts necessary to increase

the legal reserve to one tenth of the new share capital,

- acknowledging the final completion of the share capital increases carried out pursuant to this delegation of powers, amending the by laws accordingly, carrying out any formalities and declarations and applying for any necessary authorizations for the completion of such contributions;

5. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

• Thirtieth resolution

(Delegation of authority to consent to the Management Board in order to increase the share capital by issuance of ordinary shares and/or securities giving access to the share capital of the Company without preferential subscription rights as compensation of the contribution of shares undertaken in the scope of a public exchange offering)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with the provisions of articles L.225-129 *et seq.*, L.225-148 and L.228-92 of the French Commercial Code:

1. Delegated to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, its competence to decide the issuance of shares of the Company and/or securities giving access by all means, immediately or in the future, to existing shares or shares to be issued, in consideration of the shares brought to a public exchange offering on the shares of the Company or the shares of another company listed on one of the markets referred to at article L.225-148 of the commercial Code;
2. Decided, as necessary, to cancel the preferential subscription right of the shareholders in respect of these ordinary shares or securities to be issued, at the benefit of the holders of these shares, and acknowledged that in accordance with article L.225-132 of the French Commercial Code, this delegation of authority automatically implies waiver by the shareholders, of their preferential subscription right in respect of the shares of the Company that the securities that could be issued under this delegation, may be entitled to;
3. Decided that the limit of the maximum amount of share capital increase, immediate or in the future, resulting from all of the issuances undertaken under this delegation amount to €250 million it being specified that:
   - this limit shall be deducted from the maximum limit of €800 million set by the twenty-second resolution of this Shareholders' Meeting, and
   - this amount is fixed regardless of the nominal value of the Company's shares to be issued, eventually, under the adjustments undertaken in accordance with law and, if applicable, in accordance with the law and with any applicable contractual provisions protecting the holders of rights attached to the securities giving access to the shares of the Company;
4. Decided that the Management Board shall have all powers, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by law, in order to implement this authorization and, *inter alia*, to:
   - determine the exchange ratio and, if applicable, the amount of the cash adjustment *(soulte)* to be paid;
   - acknowledge the number of shares contributed to the exchange;
   - determine the dates, issuance conditions, *inter alia* the price and the date of enjoyment; eventually retroactive, of the new shares, or, if applicable, of the securities giving access immediately and/or in the future to shares of the Company;
   - to record under the liabilities of the balance sheet, under a "contribution Premium" account, to which shall relate the rights of all the shareholders, the difference between the issuance price of the new shares and their nominal value;

- to undertake, if needed, the deduction on the said "contribution Premium" of all the fees and costs caused by the authorized operation;
- generally, to take all useful dispositions and conclude all agreements to achieve the successful execution of the operation, acknowledge the shares capital increase(s) thereof and modify accordingly the by-laws;

5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this Shareholders' Meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Thirty-first resolution

(Delegation of authority to be granted to the Management Board to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and deciding in accordance with the provisions of articles L.225-129 *et seq.* and L.225-130 of the French Commercial Code,

1. Delegated to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by law, the authority to take decisions to make one or several increases to the share capital, in proportion to and at such times as it deems appropriate by successive or simultaneous incorporation of reserves, profits, issuance, contribution or merger premiums, or any other item that may be capitalized, in the form of an allocation of free shares and/or an increase in the nominal value of existing shares;
2. Decided that the nominal amount of the share capital increase that may be carried out pursuant to this delegation may not exceed €200 million it being specified that:
   - this limit may be complemented, as the case may be, by the additional amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment,
   - the nominal amount of the share capital increases which may be carried out pursuant to this resolution will not be deducted from the global limit determined by the twenty-second resolution of this Shareholders' Meeting;
3. Decided that in the event of a share capital increase in the form of an allocation of free shares and in accordance with the provisions of article L.225-130 of the French Commercial Code, the Management Board may decide that the allocation rights on fractional shares will not be tradable and that the corresponding shares will be sold, with the proceeds of the sale being allocated to the holders of such rights in accordance with legal and regulatory requirements;
4. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* for the purposes of:
   - determining the amount and nature of the amounts to be capitalized,
   - determining the number of new shares to be issued and/or the nominal amount by which the amount of existing shares shall be increased, the date, including a retroactive date, as of which the new shares shall be entitled to dividend rights or the effective date of the increase in the nominal value of the shares;
   - acknowledging the completion of each share capital increase and in general, taking any action and carrying out any required formalities for the proper performance of each share capital increase and amending the by-laws accordingly;
5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this Shareholders' Meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Authorizations and delegations granted to the Management Board under the terms of this resolution will benefit to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with the law, subject to the adoption of the thirty-third resolution of this Shareholders' Meeting on changing the Company's mode of administration and management.

- Thirty-second resolution

(Change in the percentage interest held in the Company's capital or voting rights representing a threshold crossing for the Company, in respect of which the holder(s) must notify the Company – Related amendment to article 11-2 of the Company's by-laws)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

– decided to set at 1% and to each additional 1% fraction the minimum percentage of shares or voting rights held in the Company triggering, pursuant to the Company's by-laws, a threshold crossing in respect of which the holder(s) must notify the Company;

– decided to accordingly amend article 11-2 of the Company's by-laws as follows:

"2. Crossing of threshold

In addition to the legal obligation to inform the Company of the crossing of thresholds provided by law, any individual or legal entity who, acting alone or in concert, comes to own, directly or indirectly within the meaning of the law (and in particular article L.233-9 of the French Commercial Code) a number of shares representing a portion of the share capital or voting rights equal to or exceeding 1%, must inform the Company of the total number of shares and voting rights it holds, within 5 trading days following the crossing of this threshold, regardless of the date of the registration in account, by registered mail to the registered office of the Company or any other equivalent means for the holders or bearers of shares residing outside of France, specifying the total number of shares it owns which give access in the future to the share capital and voting rights attached thereto. This statement of crossing of threshold also indicates whether the shares or voting rights pertaining thereto are owned or not on behalf of or in concert with other individuals or legal entities and also specifies the date on which the threshold. It is renewed for the holding of each additional 1% fraction of the capital or voting rights, without limitation, including beyond 5%.

Failure to make such declaration duly, within the conditions stipulated above, will result in the shares exceeding the fraction which should have been declared being deprived of voting rights on the conditions stipulated by law, if one or several shareholders owning a fraction of the Company's capital or voting rights amounting to at least 1% make a request to this purpose which is recorded in the minutes of the shareholders meeting."

The rest of the article remains unchanged.

- Thirty-third resolution

(Change in the Company's mode of administration and management by adoption of a Board of Directors – Related amendment to the Company's by-laws)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board,

1. Decided to modify the Company's mode of administration and management, effective as of the end of this Shareholders' Meeting, and adopted a form of governance that is structured around a Board of Directors, as set forth in articles L.225-17 to L.225-56 of the French Commercial Code, rather than a Management Board and Supervisory Board;
2. As a result of the foregoing, decided, effective as from the end of this Shareholders' Meeting, to amend the Company's by-laws as follows:

   (i) in article 1 "Form", a second paragraph shall be inserted as follows:

   "On May 22, 2014, the Company's Extraordinary Shareholders' Meeting decided to adopt the form of a société anonyme *with a Board of Directors, as provided under articles L.225-17* et seq. *of the French Commercial Code."*

   The second paragraph shall become the third paragraph;

   (ii) in article 2 "Corporate name", second paragraph, the words "Management Board and Supervisory Board shall be replaced by "Board of Directors";

   (iii) in article 4 "Registered office", in the second and the third paragraphs, the words "Supervisory Board" shall be replaced by the words "Board of Directors";

   (iv) articles 14 to 25 shall be replaced by the following articles 14 to 23:

   "Article 14 – Board of Directors

   1. The Board of Directors is made up of at least 5 members and no more than 15 members, *subject to the exception stipulated by law in the event of mergers.*

During the company's term, the directors are appointed or renewed to office by the Ordinary Shareholders Meeting.

2. *They are appointed for a maximum term of four years.*

   However, the first directors appointed by the Shareholders' Meeting of May 22, 2014 and who were previously members of the Supervisory Board of the Company on the date of the Shareholders' Meeting of May 22, 2014 have been appointed for a period of time equal to the remainder of their term of office as members of the Supervisory Board of the Company.

   The term of office of a director expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such director expires.

   The Board of Directors shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the directors present or represented or, if unanimity is unable to be reached, by drawing lots. The term of office of the persons so designated will expire on the date determined by the unanimous decision of the Board of Directors or determined by the Chairman of the Board of Directors before the draw. The renewal of directors shall then be carried out in the order of length of service.

   Directors are always eligible for reelection.

   They may be dismissed at any time by the Ordinary Shareholders' Meeting.

   No individual exceeding the age of 70 may be appointed as director if such appointment raises the number of directors who are over this age to more than one-third.

3. *Where, at the close of a financial year, the portion of share capital held by the employees of the Company, and of its related companies within the meaning of article L.225-180 of the French Commercial Code, pursuant to the provisions of article L.225-102 of said Code, is in excess of 3%, a director representing the employee shareholders shall be appointed by the Ordinary Shareholders' Meeting in accordance with the terms set forth in the regulations in force and in the By-Laws, to the extent the Board of Directors does not already include a director who is an elected employee shareholder or employee.*

   The candidates for appointment to the office of employee-shareholder director are appointed in accordance with the following:

   a) *Where the voting right attached to the shares held by the employees or investment funds of which they are a member is exercised by the members of the Supervisory Board of said investment funds, the candidates are appointed by and from among the members of said Supervisory Board members; and*

   b) *Where the voting right attached to the shares held by the employees (or by the investment funds of which they are a member) is directly exercised by said employees, the candidates are appointed during the consultation provided under article L.225-106 of the French Commercial Code, either by the employee shareholders' meeting held specifically for said purpose, or by written consultation. To be eligible, the candidates must be presented by a group of shareholders representing at least 5% of the shares held by the employees exercising their voting right in an individual capacity.*

4. *The directors may be individuals or legal entities. If they are legal entities, at the time of their appointment, they must appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same liabilities as if he or she were a director in his or her own name, without prejudice to the joint and several liability of the legal entity that he or she represents. This position of permanent representative is granted to him or her for the duration of the term of office of the legal entity he or she represents. It must be renewed each time the term of office of this legal entity is renewed.*

   If the legal entity dismisses its representative, it is required to immediately notify the Company of this dismissal, by registered mail, along as well as unavailability of the identity of its new permanent representative. The same is true in the event of the death, resignation or extended impediment of the permanent representative.

5. *If one or several seats on the Board of Directors become vacant between two shareholders'*

meetings subsequent to the death or resignation of a member, the Board of Directors may make one or several provisional appointments.

Appointments of directors made by the Board of Directors are subject to the approval of the upcoming Ordinary Shareholders Meeting.

Failing approval, the decisions made and acts performed previously remain, nonetheless valid.

If the number of directors falls below three, the remaining directors must immediately convene an Ordinary Shareholders Meeting for the purpose of completing the Board of Directors.

The director appointed to replace another member remains in office only for the time remaining on his or her predecessor's term.

6. A person cannot be appointed as a director if he or she does not comply with the rules governing the plurality of duties, incompatibility, forfeiture or prohibition stipulated by the law.

   The number of directors linked to the Company by an employment agreement shall not exceed one third of the directors in office.

Article 15 – Shares owned by the members of the Board of Directors

The members of the Board of Directors are not obliged to hold any share(s) of the Company.

Article 16 – Chairman of the Board of Directors - Vice-chairman of the Board of Directors – Officers of the Board of Directors

1. The Board of Directors elects among its members who are individuals, a Chairman and, as the case may be, a Deputy Chairman whose duties last as long as their duties as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.
2. The Chairman of the Board of Directors may not be above 65 years of age; his/her functions automatically expire on the 31 of December of the year of his/her 65th birthday.

   The Chairman of the Board of Directors represents the Board of Directors. He/she is responsible for convening the Board of Directors and organizing and leading its work, and for reporting on the work of the Board of Directors to the shareholders' meeting. He/she oversees the proper operation of the Company's bodies and in particular ensures that the directors are in a position to discharge their duties.

   Subject to complying with the provisions of the law and of the By-Laws, the Chairman is always eligible for reelection.
3. In the event of the Chairman's unavailability, the Deputy Chairman performs the same duties and enjoys the same powers as the Chairman.

   The Deputy Chairman may also act as Referent Director. The duties of the Referent Director are determined in the Board of Directors' internal regulations.

   As an exception to the foregoing, the appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman shall also act as Referent Director.

   Subject to complying with the provisions of the law and of the By-Laws, the Deputy Chairman is always eligible for reelection.
4. The Board of Directors also appoints a Secretary, who need not be a member thereof. He or she, along with the Chairman and Deputy Chairman, are the officers of the Board of Directors. In the Secretary's absence, the Board of Directors appoints one of its members or a third party to act as substitute secretary.
5. The Board of Directors is presided by the Chairman or, in the Chairman's absence, by the Deputy Chairman or by a director chosen by the Board of Directors at the start of the meeting.

Article 17 – Proceedings of the Board of Directors

1. The Board of Directors meets as often as required by the Company's interests, and at least quarterly, upon notice from its Chairman or Deputy Chairman.

   Unless otherwise agreed in writing by all the members of the Board of Directors, notices are to be made by all written means, including by fax or e-mail, at least three (3) days prior to the date of the meeting, and are to be accompanied by the meeting's agenda and all documents prepared to be submitted to the Board of Directors. Nonetheless, when all the members of the Board of Directors are in presence or represented (including by participating or being represented during telephone or audiovisual conferences) at a meeting, this meeting may occur without prior notice and without the obligation to comply with the three-day (3) notice.

The meeting takes place either at the registered office or in any other location indicated in the notice.

Nonetheless, if the Board of Directors has not met in more than two months, a group of directors may, provided they represent at least one third of the directors in office, request the Chairman to call the Board of Directors on a specific agenda. In all other cases, the agenda is drawn up by the Chairman and must in any event be mentioned in the notice.

2. The Board of Directors may validly transact business only if at least one half of its members are in presence.

   Decisions are approved at a majority of the votes of the members in presence or represented, and each member of the Board of Directors is entitled to one vote and may represent only one of his or her peers.

   In accordance with the regulations in force, internal regulations for the Board of Directors will be drafted in order to determine the participation and voting in meetings of the Board of Directors convened by videoconference or using any other means of telecommunication.

   Subject to the internal regulations of the Board of Directors so providing, the directors who attend meetings of the Board of Directors by videoconference or other telecommunications means in accordance with the internal regulations, will be considered as present for calculating the quorum and the majority.

   In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors is made up of an even number of directors in office and solely at meetings chaired by the Chairman of the Board of Directors.

3. A register of attendance is kept and signed by the directors attending the meeting of the Board of Directors and which, as the case may be, must mention the names of the directors who attended the meeting by videoconference or using other telecommunications means.

4. Deliberations of the Board of Directors are recorded in minutes established in accordance with the legal provisions in force, and signed by the Chairman of the meeting and by at least one director or, in the event of the Chairman's unavailability, by at least two directors.

   Copies or extracts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily acting as Chairman, or a representative duly empowered for this purpose.

Article 18 – Powers of the Board of Directors

1. The Board of Directors determines the direction of the Company's business and sees to its implementation. Subject to the powers expressly conferred to the shareholders' meetings and within the scope of the corporate purpose, it acts on all matters relating to the proper operation of the Company and manages the Company's business through its deliberations.

   In its relationships with third-parties, the Company is bound even by the ultra vires acts of the Board of Directors, unless it is able to prove that the third party was aware of the ultra vires nature of the relevant act, or could not have been unaware of it in the circumstances, it being specified that the mere publication of the By-Laws shall not suffice to establish such proof.

   The Board of Directors conducts all controls and verifications it deems appropriate.

   Each director receives all information required for him/her/it to discharge his/her/its duties, and may obtain copies of any and all documents its deems useful from the Chairman.

2. The Board of Directors grants the Chief Executive Officer all authorizations prior to the granting of sureties, endorsements and guarantees, the sale of real estate assets, total or partial sales of interests and the creation of sureties.

3. The Board of Directors' internal regulations determines the decisions that are subject to the prior authorization of the Board of Directors.

4. The Board of Directors may confer special powers for one or more specific purposes to one or more of its members or to any third-parties, who need not be shareholders.

5. The Board of Directors may appoint, among its members, one or several specialized committees whose membership and powers it determines and which carry out their activity under its responsibility.

   The rules governing the operation of said committees are determined in the internal regulations of the Board of Directors and, as the case may be, are specified in the internal regulations established by each of the committees and approved by the Board of Directors.

Article 19 – Executive management

1. *The Company's executive management is exercised, under his/her responsibility, either by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.*

   The Board of Directors chooses one of the two aforementioned executive management methods, by the majority set forth in §2 of article 17 of the By-Laws. The shareholders and third-parties are informed of the method chosen in accordance with the provisions of the Law.

   The executive management method applies until a contrary decision is made in accordance with the same procedure.

   Changes in the Company's executive management organization does not entail any amendment of the By-Laws.

2. *Where the Company's Executive Management is discharged by the Chairman, the provisions of the laws, of the regulations and of the By-Laws in relation to the chief executive officer are applicable to him/her and he/she assumes the title of Chairman and Chief Executive Officer.*

   Where the Board of Directors chooses to dissociate the Chair of the Board of Directors from the Executive Management of the Company, the Board of Directors appoints the Chief Executive Officer, sets his/her term of office and the scope of his/her powers, in keeping with the provisions of the Law and of the By-Laws. The decisions of the Board of Directors that limit the powers of the Chief Executive Officer are unenforceable against third-parties.

   In order to exercise his/her functions, the Chief Executive Officer must be less than 65 years of age. If the Chief Executive Officer reaches such age limit in the course of his/her term of office, his/her term of office automatically expires and the Board of Directors appoints a new Chief Executive Officer. His/her term of office as Chief Executive Officer is however extended until the date of the meeting of the Board of Directors called to appoint his/her successor. Subject to the aforementioned age limit, the Chief Executive Officer is always eligible for reelection.

   The Chief Executive Officer's functions may be terminated by the Board of Directors at any time.

   In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may delegate the functions of chief executive officer to a director.

3. *The Chief Executive Officer has the broadest powers to act in the name of the Company, in all circumstances. He/she exercises such powers within the scope of the corporate purpose and subject to the powers that the law expressly confers on the shareholders' meetings and on the Board of Directors. He/she represents the Company in its relationships with third-parties.*

   The Chief Executive Officer may request the Chairman to call the Board of Directors on a specific agenda.

   Where the Chief Executive Officer is not also a director, he/she may attend the meetings of the Board of Directors in an advisory capacity.

4. *On the proposal from the Chief Executive Officer, the Board of Directors may appoint one to a maximum of five private persons to assist the Chief Executive Officer, bearing the title of Deputy Chief Executive Officer, and determines the scope and duration of their powers, it being understood that, in the relationships with third-parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.*

   The functions of the Deputy Chief Executive Officer(s) may be terminated by the Board of Directors, at any time, on proposal of the Chief Executive Officer.

   In the event of termination of the Chief Executive Officer's functions, or of unavailability of the Chief Executive Officer, the Deputy Chief Executive Officer(s) retain his/her functions and powers until a new Chief Executive Officer is appointed, unless otherwise decided by the Board of Directors.

5. *The Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), may be authorized to grant substitutions of their authority, subject to the limitations set forth in applicable laws and regulations.*

Article 20 – Remuneration of the Directors, the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer and the representatives of the Board of Directors

1. The Ordinary Shareholders Meeting may remunerate the directors for their activities, in the form of attendance fees in a fixed annual amount which are charged to the company's operating costs and which are maintained until otherwise decided by the shareholders meeting.

The Board of Directors distributes this remuneration among its members as it deems fit.

2. The remuneration of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Chief Executive Officers is determined by the Board of Directors. It may be fixed or variable, or both fixed and variable.

3. The Board of Directors may allocate exceptional remunerations for duties or mandates entrusted to members of the Board of Directors; in this case, this remuneration is charged to operating expenses and is subject to the approval of the Ordinary Shareholders Meeting in accordance with the procedure set forth in articles L.225-38 to L.225-42 of the French Commercial Code.

4. The Board of Directors may authorize the reimbursement of travel and transportation expenses incurred by its members in the Company's interest.

No remuneration, permanent or otherwise, other than that stipulated here shall be allocated to the members of the Board of Directors, unless they are linked to the Company under an employment agreement within the conditions authorized by law.

Article 21 – Observers

The Board of Directors may appoint up to three observers. The observers are called to attend meetings of the Board of Directors in an advisory capacity. They may be members of the committees created by the Board of Directors.

They need not be chosen from among the shareholders and may receive compensation determined by the Board of Directors.

The observers are appointed for a maximum term of four years. The observers are always eligible for a renewal of their functions, which may be terminated at any time.

Article 22 – Agreements entered into between the Company and its shareholders or officers and directors

Any agreement entered into between the Company and its shareholders or any one shareholder, or between the Company and its directors and officers or any director or officer, whether directly or through an intermediary, shall be subject to the applicable procedure defined by law.

The foregoing provisions do not apply to agreements in respect of ordinary transactions entered into on arms' length terms. Such agreements must however be disclosed by each relevant party to the Chairman of the Board of Directors, who provides a list and the subject-matter of such agreements to the members of the Board of Directors and to the statutory auditors no later than on the date of the Board of Directors' meeting called to close the financial statements for the financial year ended.

Article 23 – Liability

The directors and the Chief Executive Officer are individually or jointly liable, as the case may be, towards the Company and third-parties for any breaches of the provisions of the laws and regulations applying to a French société anonyme*, for any breach of the By-Laws, as well as for their negligence in connection with their management activities, all in accordance with the provisions of the Law."*

(v) articles 26 to 42 shall be renumbered and shall become articles 24 to 40;

(vi) in article 26 "Convening of shareholders meetings" (new), the first paragraph shall be replaced by the following paragraph:

"Shareholders meetings are convened by the Board of Directors, in accordance with the procedures and deadlines determined by Law or, failing this, by any person authorized by law."

The rest of the article remains unchanged;

(vii) in article 27 "Agenda" (new), in the second indent, the words "Supervisory Board" shall be replaced by the words "Board of Directors";

(viii) in article 28 "Access to shareholders meetings" (new), in the third paragraph of the third indent, the words "Management Board" shall be replaced by the words "Board of Directors";

(ix) in article 29 "Attendance register – Officers – Minutes" (new), in the first paragraph of the second indent, the words "Supervisory Board" shall be replaced by the words "Board of Directors" and the words "member of the Supervisory Board" shall be replaced by the word "director";

(x) in article 35 "Annual accounts – Management report" (new), in the second and fifth paragraphs, the words "Management Board" shall be replaced by the words "Board of Directors";

(xi) in article 36 "Establishment, allocation and distribution of profits/losses" (new), in the fourth paragraph, the words "Management Board" shall be replaced by the words "Board of Directors";

(xii) in article 37 "Procedures for paying dividends" (new), in the first paragraph of the second indent, the words "Management Board" shall be replaced by the words "Board of Directors";

(xiii) in article 40 "Publicity – Powers" (new), the words "Management Board" shall be replaced by the words "Chief Executive Officer or Deputy Chief Executive Officers".

3. As a result of the foregoing, decided that the Board of Directors which shall be in office at the time of the shareholders' meeting called to rule on the financial statements of the financial year ended on December 31, 2014, shall present and approve the financial statements and reports relating to this financial year; and

4. As a result of the foregoing, acknowledged that the term of office of the members of the Management Board and of the Supervisory Board shall terminate at the end of this Shareholders' Meeting.

- Thirty-fourth resolution

(Continuation to the benefit of the Board of Directors of the authorization granted pursuant to the fifteenth resolution (Authorization to be granted to the Management Board to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries) adopted by the Shareholders' Meeting of May 22, 2013)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Subject to the adoption of the thirty-third resolution of this Shareholders' Meeting, acknowledged that the authorization granted to the Management Board pursuant to the fifteenth resolution *(Authorization to be granted to the Management Board to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries)* adopted by the Shareholders' Meeting of May 22, 2013, shall continue to the benefit of the Board of Directors, with the option to subdelegate to any duly empowered person in accordance with the legal and regulatory provisions, and, as necessary, reiterated it to the benefit of the Board of Directors for its remaining duration.

III. Resolutions to be submitted to the Ordinary Shareholders' Meeting

- Thirty-fifth resolution

(Appointment of Mr. Rudy Provoost as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. Rudy Provoost, born on October 16, 1959, of Belgian nationality, residing 9, rue Gounod, 75017 Paris, as director, for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

- Thirty-sixth resolution

(Appointment of Mr. Roberto Quarta as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. Roberto Quarta, born on May 10, 1949, of American nationality, residing 7 The River House, Chelsea Embankment, London SW3 LG, United Kingdom, as director, for a term of two years, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2015, to be held in 2016.

- Thirty-seventh resolution

(Appointment of Mr. Patrick Sayer as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. Patrick Sayer, born on November 20, 1957, of French nationality, residing 72, boulevard de Courcelles, 75017 Paris, as director, for a term of four years, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

- Thirty-eighth resolution

(Appointment of Mr. David Novak as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. David Novak, born on December 23, 1968, of American nationality, residing 46 Blenheim Terrace, London NW8 OEG, Great Britain, as director, for a term of one year, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

- Thirty-ninth resolution

(Appointment of Mrs. Vivianne Akriche as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mrs. Vivianne Akriche, born on February 8, 1977, of French nationality, residing 56, rue Charlot, 75003 Paris, as director, for a term of one year, corresponding to the remaining duration of her term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

- Fortieth resolution

(Appointment of Mr. Thomas Farrell as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. Thomas Farrell, born on June 1, 1956, of American nationality, residing 3, rue Paul Ollendorff, 92210 Saint-Cloud, as director, for a term of two years, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2016, to be held in 2017.

- Forty-first resolution

(Appointment of Mr. Fritz Fröhlich as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. Fritz Fröhlich, born on March 19, 1942, of German nationality, residing, Saschsenstr. 25, 422487 Wuppertal, Germany, as director, for a term of two years, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2015, to be held in 2016.

- Forty-second resolution

(Appointment of Mr. François Henrot as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. François Henrot, born on July 3, 1949, of French nationality, residing 60, rue des Saints Pères, 75007 Paris, as director, for a term of three years, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2016, to be held in 2017.

• Forty-third resolution

(Appointment of Mrs. Monika Ribar as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mrs. Monika Ribar, born on September 19, 1959, of Swiss nationality, residing, Bündtenmattstr. 53, 4102 Binningen, Switzerland, as director, for a term of three years, corresponding to the remaining duration of her term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2016, to be held in 2017.

• Forty-fourth resolution

(Appointment of Mr. Pier-Luigi Sigismondi as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mr. Pier-Luigi Sigismondi, born on January 23, 1966, of Italian nationality, residing 74 Fairhazel Gardens, London, NW6 3SR, United Kingdom, as director, for a term of four years, corresponding to the remaining duration of his term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

• Forty-fifth resolution

(Appointment of Mrs. Hendrica Verhagen as director)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-18 of the French Commercial Code and subject to the adoption of the thirty-third resolution of this Shareholders' Meeting:

Resolved, effective as of the end of this Shareholders' Meeting, to appoint Mrs. Hendrica Verhagen, born on June 30, 1966, of Dutch nationality, residing, 's Gravenpark 6 2902 LD Capelle aan den Ijssel, The Netherlands, as director, for a term of four years, corresponding to the remaining duration of her term as member of the Supervisory Board, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2017, to be held in 2018.

• Forty-sixth resolution

(Powers to carry out legal formalities)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, conferred full powers to bearers of originals, copies or extracts of these minutes in order to carry out publication, filing and other necessary formalities.

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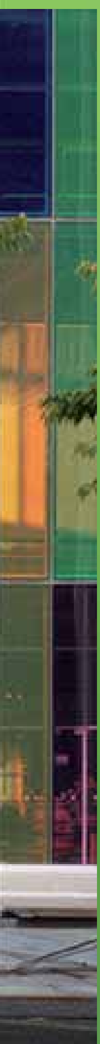
Correlation tables

10



10.1 Correlation table with Regulation (EC) 809/2004

The following correlation table allows to identify, in this *Document de Référence*, the information required by Regulation (EC) 809/2004 of the European Commission dated April 29, 2004.

	REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I	*DOCUMENT DE RÉFÉRENCE*	
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1.	PERSONS RESPONSIBLE	8.7	317 to 318
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1.2	Declaration of persons responsible for the information contained in the registration document	8.7.2	317
2.	STATUTORY AUDITORS	8.8	318 to 319
2.1	Name and address of the issuer's statutory auditors	8.8.1, 8.8.2	318 to 319
2.2	Statutory auditors having resigned, dismissed or not reappointed during the relevant period	8.8.1, 8.8.2	318 to 319
3.	SELECTED FINANCIAL DATA	1.1	8 to 9
3.1	Selected historical financial information	1.1	8 to 9
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4.	RISK FACTORS	2	39 to 55
5.	INFORMATION ABOUT THE ISSUER	1.2, 1.3, 1.7	10 to 11 and 34
5.1	History and development of the company	1.2	10
5.1.1	Corporate name and trade name	1.2.1	10
5.1.2	Place and name of incorporation	1.2.2	10
5.1.3	Date of incorporation and term	1.2.3	10
5.1.4	Registered office, legal form, jurisdiction, country of origin, address and phone number of registered office	1.2.4	10
5.1.5	Material events in business development	1.2.5	10
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5.2.1	Completed investments	1.3, 1.7.1	11 and 34
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6.	BUSINESS OVERVIEW	1.4	11 to 29
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6.1.1	Nature of the issuer's operations and its principal activities	1.4.2, 1.4.3, 1.4.4	15 to 29
6.1.2	New products and/or services	1.4.2, 1.4.3, 1.4.4	15 to 29
6.2	Principal Markets	1.4.1	12 to 15
6.3	Exceptional factors having influenced the information given pursuant to items 6.1 and 6.2	1.4, 4	11 to 29 and 89 to 109
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	REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I	*DOCUMENT DE RÉFÉRENCE*	
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10.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	4.4	106
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13.	PROFIT FORECASTS OR ESTIMATES	4.5.3	107 to 109
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13.2	Report prepared by independent accountants or auditors	4.5.3.3	108 to 109
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information	4.5.3.2	108
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	REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION DATED APRIL 29, 2004 – ANNEX I	*DOCUMENT DE RÉFÉRENCE*	
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23.	INFORMATION FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST	N/A	
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10.2 Correlation table with the annual financial report

The following correlation table allows to identify, in this *Document de Référence*, the information that are comprised in the annual financial report to be published pursuant to the articles L.451-1-2 of the French monetary and financial code and 222-3 of the General rules of the French *Autorité des marchés financiers*.

ANNUAL FINANCIAL REPORT		*DOCUMENT DE RÉFÉRENCE*	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Annual financial statements	6.1	182 to 202
2.	Consolidated financial statements	5.1	112 to 176
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	Table regarding current delegations and authorizations	8.2.1	295 to 299
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10.3 Correlation table with the annual financial report

The following correlation table allows to identify, in this *Document de Référence*, the information that is comprised in the management report:

MANAGEMENT REPORT		*DOCUMENT DE RÉFÉRENCE*	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	Activity and financial position	1.2, 1.3, 1.4, 4.1, 4.2, 4.3, 4.4	10 to 29 and 90 to 106
2.	Recent events, trends and prospects	4.2, 4.3, 4.4, 4.5, 4.6, 5.1 (note 26), 6.1 (note 5.7)	93 to 109, 112 to 176 and 182 to 202
3.	Research and development	1.4.5	29
4.	Description of main risks and uncertainties	2	39 to 55
5.	Use of financial instruments	2, 5.1 (notes 2.10, 10, 14, 21, 22), 6.1 (note 4)	39 to 55, 112 to 176 and 182 to 202
6.	Corporate and social responsibility (see paragraph 10.4)	3	57 to 87
7.	Subsidiaries and holdings	1.5, 5.1, 6.1	30 to 33, 112 to 176 and 182 to 202
8.	Corporate officers (list of corporate offices and functions, compensation, securities transactions)	7, 8.1.2.3	207 to 273 and 279
9.	Share capital, shareholding structure and employee shareholding	8.1	276 to 294
10.	Dividend distributions over the past three financial years	8.1.6	294
11.	Purchases and sales of own shares	8.2.3	299 to 302
12.	Items likely to have an impact in the event of a public offer	7, 8.1.5, 8.4	207 to 273, 292 to 294 and 316
13.	Other information (payment periods, etc.)	5.1 (note 21), 6.1 (note 4)	112 to 176 and 182 to 202
SCHEDULES			
14.	Summary table of current delegations	8.2.1	295 to 299
15.	Table of the company's results for the past five financial years	6.1	185
16.	Report of the Chairman of the Supervisory Board	9.3.1	325

10.4 Correlation table with the information on corporate and environmental responsibility

The following correlation table allows to identify, in this *Document de Référence*, the information on corporate and environmental responsibility:

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY		*DOCUMENT DE RÉFÉRENCE*	
N°	SECTION	PARAGRAPH(S)	PAGE(S)
1.	**Social information**	**3.1**	**58 to 69**
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	Hires and dismissals	3.1.2	60 to 61
	Compensation and changes	3.1.3.1	62
	b) Work organisation		
	Organisation of working hours	3.1.3.2	62 to 63
	Absenteeism	3.1.5.2	66
	c) Social relationships		
	Organisation of the social dialogue	3.1.5.3	66 to 67
	Overview of collective agreements	3.1.5.3	66 to 67
	d) Health and safety		
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	Accidents at work and occupational diseases	3.1.3.3	63 to 64
	e) Training		
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	Total number of training hours	3.1.3.3, 3.1.4	63 to 64 and 65 to 66
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	Measures taken in favor of the employment and insertion of disabled persons	3.1.3.4	64 to 65
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	g) Promotion of and compliance with the provisions of the core conventions of the International Labour Organization		
	Respect of the freedom of association and right to collective bargaining	3, 3.1.6	57 to 87 and 67 to 68
	Elimination of discrimination in respect of employment and occupation	3, 3.1.6	57 to 87 and 67 to 68
	Elimination of forced or compulsory labor	3, 3.1.6	57 to 87 and 67 to 68
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	Employee training and information actions	3.3.1	72 to 74
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	SOCIAL AND ENVIRONMENTAL RESPONSIBILITY	*DOCUMENT DE RÉFÉRENCE*	
N°	**SECTION**	**PARAGRAPH(S)**	**PAGE(S)**
	b) Pollution and waste management		
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	Means of addressing noise pollution and other pollution generated by a given activity	3.3.3.5	81
	c) Sustainable use of ressources		
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	Energy consumption and measures taken to improve energy efficiency and the use of renewable energies	3.3.3.1, 3.3.4	76 to 78 and 82
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	d) Climate change		
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	Adaptation to the consequences of climate change	3.3.2.6, 3.3.3.6	75 and 81 to 82
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	Measures taken to preserve or develop biodiversity	3.3.3.5	81
3.	**Information on corporate commitments in favour of sustainable development**	**3.2**	**69 to 72**
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