REXEL DOCUMENT DE REFERENCE 2011

ENGLISH VERSION

Rexel

ELECTRICAL SUPPLIES

Rexel, Company with limited liability *(société anonyme)*
with a Management Board and Supervisory Board
with a share capital of €1,344,098,795

Registered office:
189-193, boulevard Malesherbes –
75017 Paris
479 973 513 R.C.S. Paris

2011
ANNUAL REPORT
DOCUMENT DE RÉFÉRENCE

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Copies of this *Document de Référence* are available at no cost at the registered office of Rexel, 189-193, boulevard Malesherbes, 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 16, 2012 (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"*** *refers 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.

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1 OVERVIEW OF THE REXEL GROUP

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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, 2011, 2010 and 2009.

REXEL'S CONSOLIDATED INCOME STATEMENT HIGHLIGHTS

	2011	2010	2009
Sales	12,717.1	11,960.1	11,307.3
Gross profit	3,117.5	2,945.6	2,769.5
As a % of sales	*24.5%*	*24.6%*	*24.5%*
EBITA [(1)]	719.6	615.9	469.4
Adjusted EBITA [(1)]	726.0	592.5	449.9
As a % of sales	*5.7%*	*5.0%*	*4.0%*
Operating income	596.9	485.4	315.8
Net income	319.0	229.2	81.0
Net income attributable to the Rexel Group	318.3	228.5	80.6
ROCE [(2)]	*11.5%*	*10.2%*	*7.3%*

(1) 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 2.4.1 "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.
(2) The calculation of ROCE (Return On Capital Employed) is detailed in the table below.

ROCE is determined as follows:

(in millions of euros)	2011	2010	2009
EBITA	719.6	615.9	469.4
Amortization of intangible assets recognized upon allocation of the acquisition price	(15.7)	(22.8)	(19.2)
Normative tax [(1)]	(155.6)	(121.6)	(126.5)
Profitability (A)	**548.3**	**471.5**	**323.7**
Tangible and intangible assets, including goodwill	5,199.6	5,111.0	4,948.8
Inventory	1,240.8	1,203.1	1,141.4
Accounts receivable	2,122.9	2,022.0	1,901.5
Other assets	476.2	436.1	403.9
Accounts payable	(1,903.3)	(1,866.2)	(1,676.0)
Other indebtedness	(708.9)	(623.9)	(575.2)
Employee benefits, provisions and other non-current liabilities	(323.8)	(330.7)	(409.2)
Adjustment of goodwill in connection with Rexel acquisition in 2005 [(2)]	(1,322.0)	(1,322.0)	(1,322.0)
Capital employed (B)	**4,781.5**	**4,629.4**	**4,413.2**
ROCE (A) / (B)	***11.5%***	***10.2%***	***7.3%***

(1) Normative tax is calculated by applying to the sum of the preceding elements the effective tax rate of the Rexel Group for the relevant period (tax on income divided by the net income before tax and share of profit of associates).
(2) Elimination of goodwill and of the intangible assets recorded in connection with the acquisition of the Rexel Group by investors in 2005. This amount was calculated on a sole occasion in 2005 and is not adjusted in subsequent financial periods, in particular in respect of changes in the exchange rates.

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

	2011	2010	2009
Operating income	596.9	485.4	315.8
(–) Other income [(1)]	(39.6)	(16.1)	(33.1)
(+) Other expenses [(1)]	146.6	123.8	167.5
(+) Amortization of intangible assets recognized on the occasion of purchase price allocations	15.7	22.8	19.2
= EBITA	**719.6**	**615.9**	**469.4**
(+)/(–) Non-recurring effect resulting from changes in copper-based cable prices [(2)]	6.4	(23.4)	(19.5)
= Adjusted EBITA	**726.0**	**592.5**	**449.9**
Adjusted EBITA margin	5.7%	5.0%	4.0%

(1) See notes 2.18 and 7 to Rexel's consolidated financial statements for the year ended December 31, 2011, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.
(2) See paragraphs 2.4.1 "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

	2011	2010	2009
Operating cash flow [(1)]	739.3	580.2	446.8
Changes in working capital requirements	(69.9)	42.0	471.6
Cash generated from operating activities before net interest and income taxes	669.4	622.2	918.4
Net capital expenditure	(68.4)	(52.4)	(38.5)
Free cash flow before net interest and income taxes [(2)]	601.0	569.8	879.9

(1) Before interest, taxes and changes in working capital requirements.
(2) 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

	ON DECEMBER 31,		
	2011	2010	2009
Non-current assets	5,454.1	5,390.7	5,238.0
Working capital requirements	1,231.6	1,192.2	1,206.1
Shareholders' equity	4,150.8	3,834.4	3,412.0
Net indebtedness	2,078.2	2,273.3	2,401.2
Other non-current liabilities	456.7	475.2	630.9

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 189-193, boulevard Malesherbes, 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 2011, the Rexel Group carried out 38 consolidating acquisitions, representing approximately €1,150 million 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, 2009 and December 31, 2010 are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 21, 2010 under number R.10-024 and the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, respectively.

The acquisitions and divestures carried out during the financial year ended December 31, 2011 are described below. All of these acquisitions represented a net outflow of €109.8 million which will be increased by deferred payments in an amount of €6.4 million (amount estimated on a preliminary basis).

1.3.1 | Asia-Pacific

1.3.1.1 Yantra Automation (India)

On January 12, 2011, the Rexel Group acquired Yantra Automation Private Ltd., a distributor specialized in industrial automation and control devices based in Pune, India. The sale and purchase agreement provides for the purchase of an initial majority interest of 74% in the share capital of Yantra Automation Private Ltd., carried out in January 2011, to be followed by the acquisition of the remaining rights to the share capital to be carried out in 2014, if the reciprocal put and call options are exercised.

1.3.1.2 AD Electronics (India)

On May 17, 2011, the Rexel Group acquired AD Electronics, an Indian-based company specializing in the distribution of industrial automotion systems. The purchase agreement provides for an initial 75% majority interest purchase, which was completed in May and July 2011, followed by the acquisition of the remaining rights to the share capital, which is due to take place in 2015, in the event that the reciprocal put and call options are exercised.

1.3.1.3 Wuhan Rockcenter Automation (China)

On January 28, 2011, the Rexel Group acquired the assets and the business of Wuhan Rockcenter Automation, a distributor mainly serving large industrial enterprises of the metal and energy business sectors, in the province of Hubei, China. The acquisition may give rise to a price adjustment to be paid in 2013 based on the performance of the company in 2011 and 2012.

1.3.1.4 Beijing Zhongheng (China)

In June 2011, the Rexel Group acquired the assets belonging to the Chinese-based company Beijing Zhongheng, through a special purpose company, 65%-held by the Rexel Group, the remainder being held by a local partner. The Rexel Group has a call option, exercisable in 2014, to acquire the remaining share capital.

1.3.2 | Latin America

1.3.2.1 Nortel Suprimentos Industriais (Brazil)

On January 19, 2011, the Rexel Group acquired Nortel Suprimentos Industriais S.A. and its subsidiary MRO Importações Ltda, based in Campinas in the State of São Paulo, Brazil, one of the three top-ranking national distributors of electrical equipment. This acquisition was carried out in two steps: an initial purchase of a majority interest of 75% carried out in January 2011 followed by the acquisition of the remaining rights to the share capital in October 2011.

1.3.2.2 V&F Tecnologia (Peru)

On October 4, 2011, the Rexel Group acquired the Peruvian company V&F Tecnologia, which specializes in the distribution of electrical equipment in Lima.

1.3.2.3 Delamano (Brazil)

On November 30, 2011, the Rexel Group acquired the companies Delamano Soluções EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the State of São Paulo.

1.3.3 | Europe

1.3.3.1 Tegro (Germany)

On May 3, 2011, the Rexel Group acquired all of the rights to the share capital of Tegro (Technische Elektro Großhandels) GmbH, a German-based company.

1.3.3.2 R-Scan (Inoveha, France)

On September 23, 2011, the Rexel Group acquired the company R-Scan SAS, based in France and operating its business under the Inoveha trademark. It is specialized in the evaluating and measuring energy audit. The share purchase agreement provided for the acquisition of a majority interest of 70% in 2011 and the acquisition of the remaining share capital by 2018.

1.3.3.3 Eurodis Sécurité (France)

On December 29, 2011, the Rexel Group acquired Eurodis Sécurité, a distributor of safety equipments (intrusion and fire detection, access control and video surveillance).

1.3.4 | Acquisitions completed after December 31, 2011

The acquisitions described hereafter have an enterprise value amounting to approximately €80 million in total.

1.3.4.1 Liteco (Canada)

On February 1, 2012, the Rexel Group acquired the company Liteco Inc., the most important independent distributor of electrical equipment in the Maritim Provinces of Canada.

1.3.4.2 Etil (Brazil)

On February 3, 2012, the Rexel Group acquired the company Etil, based in São Paulo in Brazil, on of the most important distributors of electrical equipment in the State of São Paulo, particularly on the real estate segment (offices, hotels and restaurants, etc.).

1.3.4.3 Wilts Wholesale Electrical (United Kingdom)

On February 24, 2012, the Rexel Group acquired 59 branches of Wilts Whosale Electrical, one of the largest independent distributors of electrical supplies operating in England and Wales.

1.3.5 | Acquisitions in progress

On March 1, 2012, the Rexel Group reached an agreement to acquire La Grange, a longstanding independent player in the distribution of electrical supplies and a lighting specialist operating in Belgium. The acquisition is subject to some conditions precedent, in particular approval by the Competition Authority.

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 2011 sales and number of branches. At December 31, 2011, the Rexel Group had operations in 37 countries across three areas: Europe, North America and Asia-Pacific.

The consolidated sales of the Rexel Group for 2011 amounted to €12,717.1 million, 59% of which were carried out in Europe, 29% in North America, 10% in Asia-Pacific and 2% in other markets and activities. Based on 2011 sales, the Rexel Group believes that it is the top distributor in North America and in the Asia-Pacific region, and number two in Europe. The Rexel Group recorded an Adjusted EBITA in 2011 representing 5.7% of the 2011 consolidated sales. Unless otherwise indicated, the presentation of the Rexel Group's activities below relates to the sole electrical equipment distribution businesses of the Rexel Group. A short description of the Rexel Group's other activities is provided in paragraph 1.4.5 "Other activities of the Rexel Group" of this *Document de Référence*.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (60% of its 2011 sales), industrial companies (22% of its 2011 sales), commercial market companies (7% of its 2011 sales), as well as an "other customers" category, which includes municipalities, public entities, resellers and large do-it-yourself stores (11% of its 2011 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 2011 sales: electrical installation equipment (43% of sales); cables and conduits (26% of sales); lighting (18% of sales); security and communication (6% of sales); climate control (4% of sales); tools (2% of sales); and white and brown products (1% of sales). The Rexel Group adds value to its offering by providing related services, including logistics, technical assistance and training services.

As of December 31, 2011, the Rexel Group's branch network consisted of 2,128 branches organized around various commercial banners and had 28,409 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, 2011, 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 €160 billion worldwide in 2011.

In addition to the products sold by professional distributors, there are three 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 specialized in e-commerce.

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

A growing market

The Rexel Group believes that its market will continue its strong growth over the long-term, in line with increasing energy consumption. Overall, this expected upward trend is due to a combination of a number of macro-economic 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; and
- the development of solutions aiming at reducing energy consumption or launching the production of new energy solutions.

A more developed market in countries with mature 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) or 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 (by considering, 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, including China, offer, in the long run, a major growth opportunity with a distribution market that still represents a relatively small portion of end-consumption.

Finally, the Rexel Group believes that the role of professional distributors is strengthened by the development of customers' expectations, these customers being concerned with 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 develops low-consumption bulbs, 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 players. The Rexel Group believes that through its network of 2,128 branches it held a market share of approximately 8% in 2011.

The level of market consolidation is extremely varied from country to country. More specifically, in the United States, the market can be divided in two categories of actors: 7 distributors with a multi-regional scope (including the Rexel Group) which the Rexel Group believes represent approximately 40% of all sales made in 2011, and an extremely fragmented group of distributors with a regional scope, as the top 200 distributors, including the 5 largest, represent only 56% of the market. This results, in particular, from the geographic breadth of the market and the historical presence of local market players. By contrast, in certain countries such as France, The Netherlands, Australia, the United Kingdom, Scandinavia or Canada, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of players who have consolidated and structured these markets.

The Rexel Group estimates that, in 2011, approximately 25% of worldwide sales in the market for the professional distribution of low and ultra-low voltage electrical products were made by 9 major distributors: Rexel, Sonepar, Consolidated Electrical Distributors and Anixter, 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.

A large number of medium-sized businesses that operate on a national, regional or local level account for approximately 75% of worldwide sales on the market for the professional distribution of low and ultra-low voltage electrical products. In certain countries, smaller electrical products distributors 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. The consolidation potential varies from country to country.

Risks related to acquisitions are described in paragraph 2.1.2 "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 32% of the market in 2011 (€50 billion). In 2011, Europe represented approximately 25% of the market (€40 billion) and the Asia-Pacific region (excluding Japan) represented approximately 20% of the market (€31 billion). The Rexel Group estimates that the Japanese market represented approximately €12 billion in 2011, and that other geographic zones (Latin America, Africa and the Middle-East) represented approximately €24 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)	46	8	7	6	3	5	14
Exchange rate (€1)	1.3	1.0	1.0	1.0	0.9	1.4	9.2

(1) Source: Rexel 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, hereafter 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, hereafter 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 2011 by end-markets was as follows:

END-MARKET	REPORTED
Commercial	44%
Industrial	33%
Residential	23%

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 Rexel Group's ten most significant customers accounted for less than 10% of the Rexel Group's sales in 2011.

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

Contractors

General and specialty contractors represented 60% of the Rexel Group's 2011 sales (22% were generated through large contractors and 38% 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 2011 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 and represented 7% of the Rexel Group's 2011 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 municipalities, public entities, resellers and large do-it-yourself stores. These customers generated 11% of the Rexel Group's 2011 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 Latin American operations are included in the segment "Other Operations" which includes the Rexel Group's other geographic markets. The Rexel Group's 2011 sales amounted to €12,717.1 million, broken down among the various regions as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	**7,437.7**	**58**
– France	2,474.7	19
– United Kingdom	953.4	7
– Germany	915.2	7
– Scandinavia	924.6	7
– Benelux	619.1	5
– Others	1,550.7	12
North America	**3,692.1**	**29**
– United States	2,529.7	20
– Canada	1,162.4	9
Asia-Pacific	**1,278.4**	**10**
Other Operations [(1)]	**308.9**	**2**
– Latin America	214.9	2
Total	**12,717.1**	**100**

(1) Including the non-core activities of the Rexel Group described in paragraph 1.4.5 "Other activities of the Rexel Group" of this *Document de Référence*.

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 19% in 2011. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 26%, 41% and 33% of its 2011 sales.

As of December 31, 2011, the Rexel Group had operations in 24 European countries. The Rexel Group believes that it is the number one or number two player in 19 of these countries, which account in the aggregate for approximately 93% of the total European market.

North America

According to its estimates and based on its 2011 sales, the Rexel Group's market share in 2011 amounted to approximately 7% of the North American market for the professional distribution of low and ultra-low voltage electrical products. The Rexel Group believes that it is the market leader in this area, with market shares of 6% 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 44%, 51% and 5% of its 2011 sales in North America.

Asia-Pacific

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

The Rexel Group has increased its operations in China within the last few years, and is now one of the main international players, with €304.2 million in sales in 2011, 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 (previously, it only had a representative office in India). In addition, the Rexel Group has branches in Indonesia, Malaysia, Singapore and Thailand and representative offices in Korea and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 42%, 36% and 22% of the Rexel Group's 2011 sales in the Asia-Pacific region.

Other Operations

The Other Operations segment accounts for 2% of the 2011 sales. It mainly includes distribution of electrical equipment in Latin America (in Chile and, since 2011, Brazil and Peru) as well as some of Rexel Group's activities coordinated at Rexel Group level (such as BizLine and Conectis whose activities are mostly based in Europe).

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 "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** (43% of 2011 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** (26% of 2011 sales), which allow for the distribution of electricity and include raceways, moldings and cable trays;
- **lighting** (18% of 2011 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** (6% of 2011 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 2011 sales), which includes ventilation, air conditioning, heating equipment (in particular those relying on renewable energy);
- **tools** (2% of 2011 sales), which include hand tools, electrical tools and measuring instruments; and
- **white and brown products** (1% of 2011 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. This activity does not include the Consumer Electronics Agencies (ACE) division (which is described in paragraph 1.4.5.1 "The Consumer Electronics division (ACE)" of this *Document de Référence*) nor the specific services provided by certain specialized entities of the Rexel Group, such as Gexpro Services in the United States of America. Sales achieved

1

by the Rexel Group out of these other businesses was below 2% in 2011.

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

Within these product families, the "green" products (energy-saving products) family represents approximately 5% of 2011 sales.

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 15 and 20% 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, on which it achieves, in average, margins above those for equivalent product categories distributed under supplier's brands. The Rexel Group's principal own-brands are Newlec and Sector, for residential and commercial electrical equipment, mainly in the United Kingdom and Germany, Gigamedia for multimedia (voice, data, image) networks and BizLine for tools or other additional products. Newlec is also used in other European countries, especially for climate control engineering, electrical control and lighting equipment.

In addition, the Conectis entity allows 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. In particular, the Rexel Group is rolling out the Conectis offering, initially developed in France and then 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 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 pump, etc.).

A service offering adapted to customers' needs

The Rexel Group offers its customers both services directly linked to the provision of technical solutions and additional services in the fields of logistics and distribution.

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 benefits from continuous training, which allows it to master technological developments.

The Rexel Group's services include:

- **Technical assistance:** The Rexel Group assists its customers in choosing adapted product solutions amid the large range of products 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 organization of the works.

- **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, at a convenient distance from their own needs, 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 Inexel.

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 intended for industrial customers (fittings, bolts, etc.). 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 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

At the end of 2011, the Rexel Group's customer-facing employees represented 61% of its total employees.

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 each generate potential annual sales of at least €0.5 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 the one hand, downstream, to analyze customer needs and ensure commercial promotion, and upstream, to manage supplier relationships.

Their role includes:

- 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;
- regional market analysis;
- the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;
- 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 and thus contribute to improving its operating efficiency. E-commerce covers two distinct areas:

- Electronic Data Interchange (EDI), through which customers (principally industrial and commercial customers) benefit from a dedicated service provided through an extranet (consultation of available inventory, on-line purchasing, order status, billing, etc); and
- on-line purchasing through the Rexel Group branches, which is reserved for professional customers.

Numerous countries have already been using actively these channels to contact clients, such as Switzerland, Norway, Austria and The Netherlands. Other countries, in particular the United States, Belgium, Sweden, France, Austria, the United Kingdom, Canada and Germany have joined them in offering such marketing 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 terms of purchase, 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;
- at each country’s level, the Rexel Group’s subsidiaries negotiate specific purchasing terms with national suppliers; and
- at a local level, 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 2011, the Rexel Group made approximately 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 on both a worldwide and local scale. 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*.

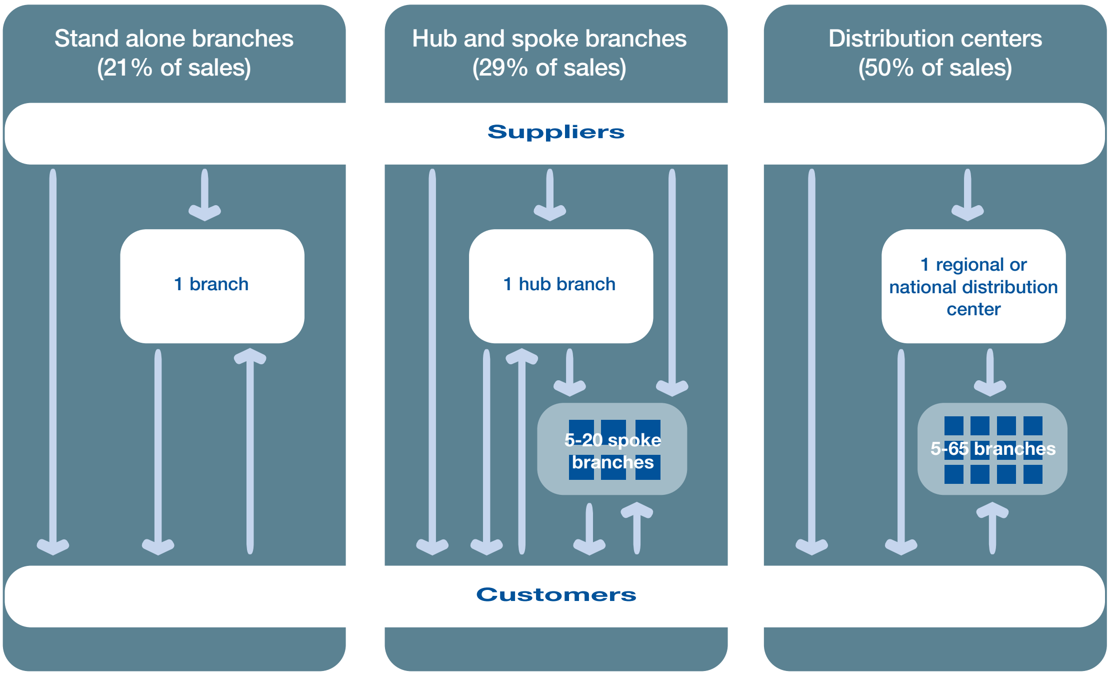
Risks related to commercial dependence are described in paragraph 2.1.6 “Risks relating to suppliers dependance” of this *Document de Référence*.

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.

In 2011, the Rexel Group benefitted from the streamlining of its logistics network initiated in 2010 and prepared a new step in this streamlining process through investments, the effects of which will be felt in 2012.

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 thousands of units)	2 to 10	5 to 15	15 to 40
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) 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% and 20%, respectively, of the Rexel Group's sales in 2011. Direct sales are not significant except in North America, where they represented approximately 40% of the Rexel Group's 2011 sales in this area.

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.

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.

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, 2011, the Rexel Group had 35 distribution centers in Europe. These centers were located in France, Germany, Austria, Belgium, Finland, Italy, The Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden and the United Kingdom. The 9 distribution centers in France are on average 18,000 square meters in size and each supplies between 25 and 65 branches. The 26 distribution centers in the rest of Europe are on average 7,000 square meters in size and each supplies between 5 and 45 branches.

In North America, the Rexel Group has 2 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the Rexel Group has 1 regional distribution center in New Zealand, supplying a total of 55 branches. There is one regional distribution center in Australia, principally dedicated to importation. The Rexel Group also has a national distribution center in Chile supplying 18 branches.

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 87 hub branches worldwide (of which 45 were located in North America, 32 in Europe, 7 in Asia-Pacific and 3 in Latin America) which serve generally between 4 and 20 satellite branches. In North America, the Rexel Group had as of December 31, 2011, 30 hub branches in the United States and 15 in Canada which supply 55 spoke branches in the United States and 192 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, 2011, the Rexel Group had 2,128 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2009 and December 31, 2011 by geographic area:

	AS OF DECEMBER 31,		
(number of branches)	2011	2010	2009
Europe	**1,257**	**1,272**	**1,314**
– France	424	425	439
– Outside of France	833	847	875
North America	**504**	**531**	**584**
– United States	297	321	374
– Canada	207	210	210
Asia-Pacific	**293**	**286**	**293**
Other Operations, excluding ACE	**74**	**24**	**78**
Total	**2,128**	**2,113**	**2,269**

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 closings.

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.

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, the United Kingdom and Sweden, it also owns its own transportation means, which only account for a limited portion of the distribution.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.5 "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 2011 sales of €12,717.1 million, has 2,128 branches, has 28,409 employees and has operations in 37 countries, excluding representative offices.

Based on its estimates, the Rexel Group is the one of the leaders in the market of the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches. Based on 2011 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 over 70% of its sales. Furthermore, the Rexel Group believes that it is the number one or number two player in 18 European countries, accounting in the aggregate for approximately 93% of the total European market.

The Rexel Group also estimates that it holds a world market share of 8%, which allows it to continue developing its market shares, including by external growth, thus becoming one of the main players of the consolidation of the market of 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 services throughout the world;
- 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 2011 sales breakdown by end-market and principal geographic area as follows:

	NORTH AMERICA	EUROPE	ASIA-PACIFIC	REXEL GROUP
Commercial	51%	41%	36%	44%
Industrial	44%	25%	42%	33%
Residential	5%	33%	22%	23%

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America and Asia-Pacific accounted for approximately 59%, 29% and 10% of 2011 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 50% of its 2011 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 37 countries where it was established in 2011. 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 also believes that it has developed the industry's largest worldwide branch network.

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. 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 15% and 20%.

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 acts 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.

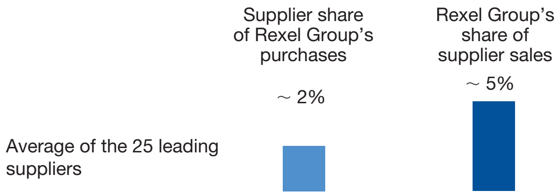
Furthermore, the Rexel Group's management team has broad experience in professional distribution, as well as operational, financial, and mergers and acquisition expertise.

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 2.1.6 "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 the services to its customers' needs by offering them a broader range of products and also allows it 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 2.1.5 "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 have gradually decreased as a percentage of sales between 2004 and 2011. 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 software designed to follow-up the collection of receivables, 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 0.5% 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 2011 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

- variable costs based on the activity level amounting to 26% (transportation, commissions, etc.);
- fixed costs that are flexible in the very short-term amounting to 29% (wages in certain countries, advertising, various fees, etc.);
- fixed costs that are flexible in the short or medium-term amounting to 45% (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 2011, the Rexel Group carried out 38 acquisitions, including 16 acquisitions in Europe, 6 in North America, 13 in Asia-Pacific and 3 in Latin America, as well as the acquisitions of GE Supply (renamed Gexpro) and of the Hagemeyer group.

Risks related to acquisitions are described in paragraph 2.1.2 "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 four major trends which will have a structural impact on its business in the medium term:

- global electricity demand is expected to double within the next twenty years due to population growth,

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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;

– the emergence of increasingly sophisticated products (home automation, climate control, connection, security), the dematerialization of transactions, the immediate access to information, the need to work in networks, change the core business structurel 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, demonstrated its capacity to offer a "global" response while keeping, through its branch network, targeted and original local services.

Taking into account these four trends, the Rexel Group's strategy is based on three objectives:

– seize market opportunities (through organic or external growth);

– improve its business model in order to continue its reorganization towards high added-value services; and

– strengthen its structural profitability in specific markets.

1.4.4.1 Seize market opportunities

Organic growth

The Rexel Group's organic growth 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.

The Rexel Group also intends to ramp up its growth by relying on four targeted growth levers, *i.e.*, energetic efficiency, photovoltaic energy, wind energy and major international projects. These four key development areas, known as *SOGs* (*"Structural Organic Growth"*), represented €526 million of sales in 2011, an increase of 23% from 2010, and are targeted to reach sales of €650 million by 2012.

The Rexel Group 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.

In the context of a photovoltaic market that still relies on subsidies from the various public sector entities and on the decrease in prices for photovoltaic panels, the Rexel Group is consolidating its position on the various markets and intends to take part in the growth of this activity country by country, specifically when grid parity is reached (*i.e.* when the photovoltaic production cost is equal to the retail electricity purchase price).

In the wind energy market, the Rexel Group proposes targeted solutions for each customer, ranging from cable deliveries to a fully-integrated services offering, to the leading market players, proposing supply, inventory management and the provision of products on the assembly lines.

The Rexel Group, a global player in the electrical equipment market, is involved in developing its clients on an international level. It thus 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.

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 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. In this context, Rexel acquired a 70% interest in the share capital of a French company specializing in energy audits, thermal studies and the development of software in the field of energy efficiency.

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

1.4.4.2 Improving the business model

Levers in relation to sales

Develop "key accounts"

The combination of the Rexel Group's international and local positions and the integration of its logistics and IT platforms allows the Rexel Group to provide a product and service offering tailored to the needs of "key account" customers. The Rexel Group includes in this segment national and international multi-site customers that each represent at least €0.5 million in annual potential sales.

Based on 2011 sales, the Rexel Group believes that it has generated sales of approximately €2 billion on the "key accounts" segment, representing an increase of about 10% from 2010.

Develop e-commerce

E-commerce continues to be a medium for sales growth, thanks to targeted offers and specific services such as order tracking or stock availability. E-commerce also enables Rexel Group customers to order on a 24 hours basis. Finally, e-commerce is a significant cost optimization medium. E-commerce has increased by 20% in 2011, representing 11% of sales compared to 10% in 2010. The Rexel Group aims to improve this rate up to 12% to 14% by 2013.

Implement a multi-network commercial structure

In the countries in which it has significant market share, the Rexel Group believes that the coexistence of different commercial networks 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.

As a result, the Rexel Group intends to pursue this strategy both through acquisitions and the reorganization of its existing network.

Develop specialized teams

In order to accelerate the implementation of its strategy, the Rexel Group continues to develop specialized teams in order to cover more specialized business activities and to bring to them the necessary added-value.

Levers in relation to gross margin

Optimize relationships with suppliers

With purchase volumes of €9.6 billion in 2011, 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 2011, the Rexel Group made approximately 50% of its purchases from its 25 leading suppliers. The optimization of logistics structures and the EDI should contribute to the improvement of the gross margin.

Risks related to supplier concentration are described in paragraph 2.1.6 "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.

In this context, the Rexel Group successfully develops its own-brand names (such as BizLine, Sector, Newlec and Gigamedia) that have higher gross margins compared to their brand-name counterparts.

Sales of own-brand products accounted for slightly more than 3% of Rexel Group sales in 2011, down compared to 2010 as a result of the sale of the remaining businesses of the ACE division (see paragraph 1.4.5.1 of this *Document* *de Référence*). 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.

Levers in relation to costs

Optimize logistic systems

The Rexel Group intends to continue to adapt its logistics and distribution systems based on the density of its branch network and the expectations of its customers. In particular, following the action taken in 2009 after the acquisition of the Hagemeyer group and the deterioration of the economic conditions, the Rexel Group continued to rationalize its network by increasing the scope of activity of certain distribution centers and hub branches, thus allowing the closing of a number of branches and of a few logistic centers.

The optimization of 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 2.1.5 "Risks relating to the Rexel Group's logistical structure" of this *Document de Référence*.

Rationalize information technology systems

The Rexel Group's history of external growth has led to the coexistence within the Rexel Group of multiple different information system platforms.

In 2011, the Rexel Group continued to develop, rationalize, conform and modernize its information technology systems in all regions where it operates, while selectively pursuing extension of its infrastructure consolidation program. As a part of this program, the Rexel Group has entered into global or regional agreements with renowned business partners in the fields of facilities management, telecom networks management, business applications, office equipment and datacenter operations.

The Rexel Group's general objective is to have a maximum of one information system per country, capable of being adapted to customers' needs, while seeking to pool infrastructures, applications or technical platforms, to the best possible effect. Thanks to this prudent and efficient approach, information technology systems costs, which remained relatively stable compared to 2010 and account for approximately 0.7% of sales, were contained in 2011.

Risks related to the information technology systems of the Rexel Group are described in paragraph 2.1.4 "Risks relating to information technology systems" of this *Document de Référence*.

1.4.5 | Other activities of the Rexel Group

1.4.5.1 The Consumer Electronics division (ACE)

In 2011, the Rexel Group sold the remaining businesses of the ACE division, which it had acquired as part of its acquisition of the Hagemeyer group. They represented 0.5% of consolidated sales in 2011 and 2% in 2010.

1.4.5.2 Digital Products International

Digital Products International Inc. (**"DPI"**) is a company founded in 1971, which is based in Saint Louis, Missouri, USA. DPI distributes goods to consumer electronics distribution professionals (iPOD compatible products, DVD players, LCD televisions, home cinema systems, MP3 players, etc.) imported mainly from China. Further to a debt restructuring carried out at the end of 2009, the Rexel Group holds 66.67% of the share capital of DPI, of which 59.52% through preferred shares without voting rights. The Rexel Group has significant influence on this company, which is equity-accounted in its financial statements.

1.4.6 | 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.

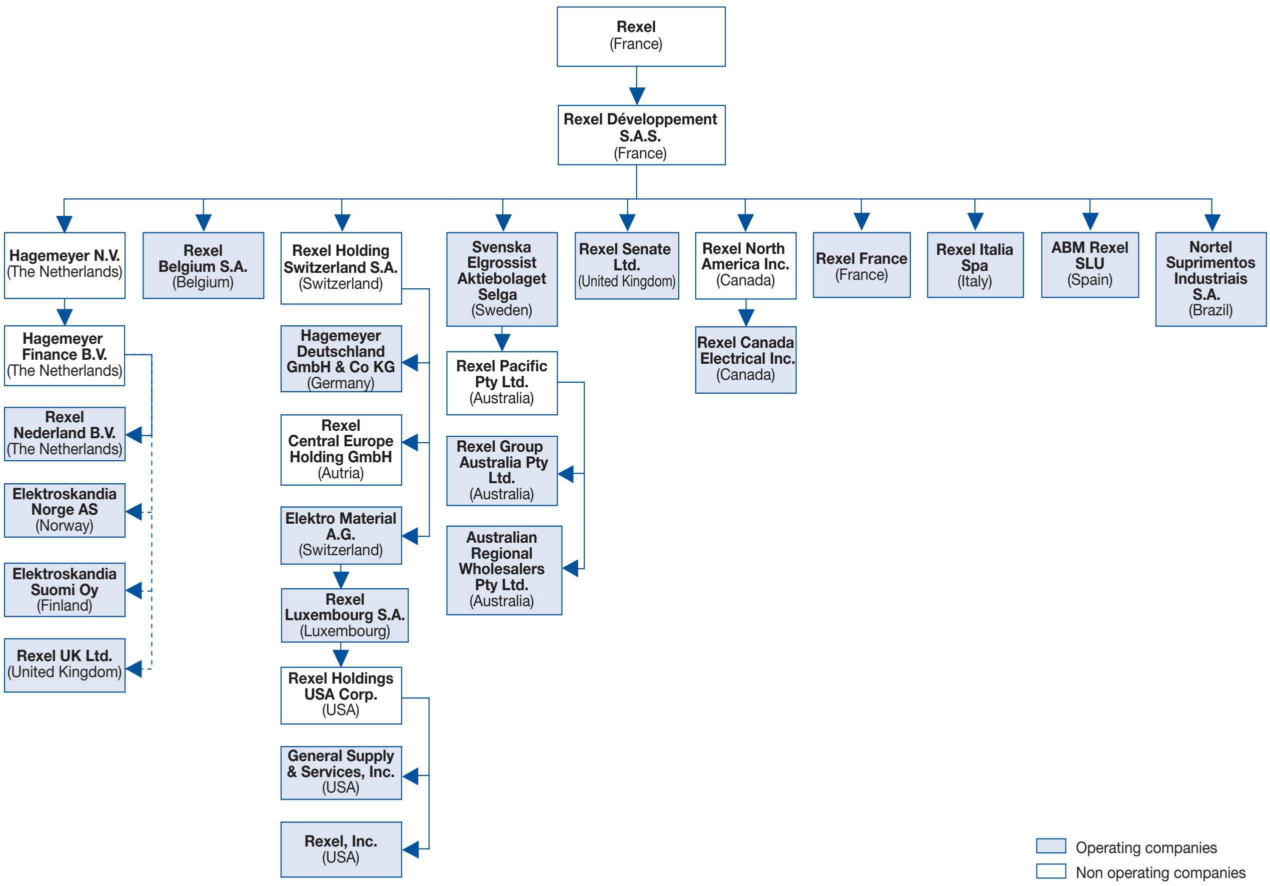
The Rexel Group also uses intellectual property rights (in particular names, brands, logos, designs, models and creations) that are not necessarily registered, either because they are used only temporarily, for example for a promotional campaign, or because they are difficult to protect. However, this 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, 2011. The list of all of the companies consolidated by Rexel as of December 31, 2011 is detailed in note 26 to Rexel's consolidated financial statements for the year ended December 31, 2011 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

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 S.A.S. is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €1,366,795,470. Its registered office is at 189-193, boulevard Malesherbes, 75017 Paris. 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. In 2011, Rexel Développement absorbed Rexel Distribution.

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 fully held 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 Holding Switzerland S.A.

Rexel Belgium 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 held at 99.99% by Rexel Développement.

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 fully held by Hagemeyer Finance B.V.

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. Elektroskandia Suomi Oy is fully held 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 Holding Switzerland S.A.

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 189-193 boulevard Malesherbes, 75017 Paris. 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 Ltd. 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 Ltd. is indirectly wholly owned by Hagemeyer Finance B.V.

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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. is a corporation governed by the laws of New York with a share capital of US $15,911,481, registered under number 13-1474527. 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.

South America

Nortel Suprimentos Industriais S.A. is a Brazilian corporation *(sociedade anonima)* with a share capital of BRL 104,133,568, registered under number CNP J/MF 46.044.053/001-05. Its registered office is at 755 rua Alessandro Payaro, 13087-600, Jardin Candida, Campinas. Its main activity is the distribution of electrical equipment and ownership of equity investments in other companies. It is wholly owned by Rexel Développement.

Contributions from subsidiaries or significant sub-groups as of December 31, 2011 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)	–	1,246.7	(0.3)	73.0	–
Rexel Développement (France)	3.5	(309.5)	200.8	(154.1)	–
Rexel France (France)	1,186.1	509.5	72.4	170.7	–
Rexel Holdings USA Corp. (USA)	704.1	203.1	24.7	54.1	–
Rexel North America, Inc. (Canada)	574.6	109.1	–	44.0	–
Rexel UK Ltd. (United Kingdom)	295.1	184.0	10.6	19.5	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	250.1	135.9	3.8	37.8	–
Elektro-Material A.G. (Switzerland)	807.2	0.1	0.6	78.6	–
Rexel Nederland B.V. (The Netherlands)	151.5	48.5	1.8	(13.4)	–
Rexel Belgium (Belgium)	60.6	56.7	0.7	25.6	–
Svenska Elgrossist AB Selga (Sweden)	231.4	–	2.5	4.6	–
Elektroskandia Suomi Oy (Finland)	73.1	3.8	0.6	3.6	–
Elektroskandia Suomi Oy (Finland)	113.0	106.4	0.5	36.7	–
Other	749.4	221.5	95.0	47.4	–
Total consolidated	**5,199.7**	**2,515.8**	**413.7**	**428.1**	**–**

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, 2011, 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 6,186 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 (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 Chile. Distribution centers are mainly leased and have an average surface area which varies from 9,000 sq. meters for those located in Europe (excluding France) to 18,000 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
- 2,128 branches located in Europe, North America, Asia-Pacific and in the countries relating to the other operations segment. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 800 sq. meters to 1,500 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.

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, 2011, 2010, and 2009.

(in millions of euros)	2011	2010	2009	2009-2011 Total
CAPITAL EXPENDITURE				
IT systems	44.6	25.0	25.1	94.7
Branch renovations and openings	36.3	16.8	19.1	72.2
Logistics	12.2	11.6	5.7	29.5
Others	5.1	4.1	1.2	10.4
Total gross capital expenditure	**98.2**	**57.5**	**51.1**	**206.8**
Change in fixed assets suppliers payable	(3.4)	1.9	0.7	(0.8)
Disposals of fixed assets	(26.4)	(7.0)	(13.3)	(46.7)
Total net capital expenditure	**68.4**	**52.4**	**38.5**	**159.3**
ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES				
Acquisitions	100.5	67.3	46.5	214.3
Disposals	(44.8)	(13.3)	–	(58.1)
Total acquisitions and disposals of subsidiaries	**55.7**	**54.0**	**46.5**	**156.2**

Gross capital expenditure in 2011, 2010, and 2009 represented 0.8%, 0.5% and 0.5% of Rexel Group's consolidated sales, respectively.

Capital expenditures carried out in 2011 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 new commercial and logistical platforms launched in 2010 in the United States of America and in 2011 in the United Kingdom and in Australia will be continued in 2012. In several European countries, in particular in Sweden and in The Netherlands, a consolidation plan of the information systems is being setting up, in respect of both software and infrastructure, and will be extended in 2012 to other countries. Moreover, the Rexel Group will continue rolling-out its new e-commerce platform launched since 2010 and the generalization of customer relation management solutions. In addition, the Rexel Group is continuing the rationalization of its logistical network, mainly in Europe, and intends to roll-out a common inventories management system. All of these investments should amount to approximately €40 million and will be financed with the Rexel Group's shareholder's equity.

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 Rexel Group has adopted a contractual strategy that aims at the product guarantee granted by the Rexel Group being the same as the guarantee granted by the manufacturer.

Therefore, the agreements entered into by Rexel Group with its customers generally include warranties covering liability for products of the same nature, standard and scope as those granted by the manufacturer. In some circumstances, however, 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 applies, to the extent possible, 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 Member States are required to transpose the new Directive in their national legislation by January 2, 2013.

The Rexel Group is currently working on processes in order to anticipate the new obligations imposed by the above-mentioned 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.

Canadian "WEEE" regulations

In Canada, in 2010, four provincial authorities adopted a regulation in relation to electrical and electronic equipment waste, financed by an "eco-tax" (flat tax on products sold). Only a few products distributed by the Rexel Group are concerned. As the cost of this tax is fully transferred on customers, the impact of this mechanism is very limited for the Rexel Group.

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.

1.8.3 | French law for the modernization of the economy

Rexel Group's activity in France is subject, *inter alia,* to the law for the modernization of economy (*Loi de modernisation de l'économie,* known as "LME"), enacted on August 4, 2008.

The LME establishes, in particular, new payment terms. Thus, in case of agreement between the parties, the payment delays may not exceed 45 days as of month-end or 60 days as of the date of the invoice. In the absence of an agreement between the parties, the delay may not exceed 30 days as of the receipt of the merchandise or as of the performance of the services.

The inter-professional federation of which the Rexel Group is a member has signed an inter-professional agreement allowing for a progressive reduction of the payment delays to 50 days until December 31, 2011. Since January 1, 2012, the maximum delays authorized by law apply, *i.e.* 45 days as of month-end or 60 days as of the date of the invoice (or if there is no agreement between the parties, 30 days).

The implementation of the reduction in the payment delays in accordance with the LME has had a negative impact on the working capital requirement of Rexel in France, which was reduced by the implementation of the inter-professional agreement and the various measures set up with the suppliers.

1.8.4 | Spanish law on terms of payment in commercial transactions

The business of the Rexel Group in Spain is subject to a law on terms of payment in commercial transactions which came into force in July 2010.

This law provides for a common maximum term of payment of 60 days as from January 1, 2013.

The implementation of this law is progressive. Until December 31, 2011, the maximum term of payment was 85 days. Between January 1, 2012 and December 31, 2012, the maximum term of payment is 75 days. Specific rules have been provided to the benefit of private companies carrying out public works (120 days in 2011, 90 in 2012).

As an exception, public authorities will have to pay their suppliers within 30 days as from January 1, 2013. In 2011, the term of payment was 50 days. In 2012, the term of payment is 40 days.

The implementation of the reduction of the term of payment in accordance with the law on terms of payment in Spain has a negative impact on the working capital of ABM Rexel. ABM Rexel works closely with its client to reduce the financial impact.

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2 RISK FACTORS

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 the report of the Chairman of the Supervisory Board, which is set out in paragraph 9.3 "Report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal control" of this* Document de Référence.

2.1 | RISKS RELATING TO THE REXEL GROUP'S INDUSTRY

2.1.1 | 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 Other Operations accounted for approximately 59%, 29%, 10%, and 2% of the Rexel Group's 2011 sales respectively. The Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 33%, 44% and 23% of its 2011 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 residential market accounts for approximately 5% of 2011 sales in North America and the industrial market accounts for close to 80% of 2011 sales in China. In each geographical area, construction, renovation, and maintenance activities evolve differently. For example, renovation, which is less sensitive to economic cycles, is more significant in the residential building and commercial building markets in Europe than is the case in North America.

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 or results of operations.

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 occurrence of external risks cannot be managed, the Rexel Group has implemented tools to monitor and assess the risk level and impact. Thus, 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.

2.1.2 | 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, due in particular 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, 2011, the amount of goodwill recognized in the Group's assets totaled €4,002.2 million and the depreciations recognized in the consolidated income statement for 2011 totaled €59.5 million (see note 7.2 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2011, included in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

2.1.3 | Competition risks

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, Anixter, 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.

These distributors sometimes offer their products to electrical product-related sectors, including industrial supplies, which results in changes in competition strategy. 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 2011 sales, it is the leading distributor in North America and in the Asia-Pacific region and number two in Europe, 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 be in competition 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.

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 dealers, 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 a measure makes sense locally.

2.1.4 | Risks relating to information technology systems

The operation of the Rexel Group's business depends on, among other things, the efficiency of its information technology ("IT") systems, which support all of the Rexel Group's operational and support functions.

The impact of a potential malfunction of the information systems is limited due to the decentralized IT architecture of the Rexel Group, which mainly relies on local-level infrastructure and solutions. IT security is nevertheless subject to particular care and the Rexel Group ensures that action plans are implemented at each country level in order to limit identified risks, in particular in respect of emergency plan, back-up process, physical access security, authorization and documentation management.

In 2011, the Rexel Group continued the rationalization and modernization and selective convergence plan of its IT systems and data processing centers (datacenters), particularly in Europe and in North America. The Rexel Group cannot, however, provide assurances that this plan will be completed on satisfactory terms or within the expected timeframes, or that the results will be entirely as expected. 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.

In order to limit the risks related to information systems evolution projects, the Rexel Group relies on a Quality Assurance team, whose principal task is to ensure the proper governance of critical information technology projects and that may, where relevant, provide project steering support to the local teams. The Rexel Group also continues to favor a progressive evolution of IT systems with short-term and limited-scope projects.

2.1.5 | 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 is determined at the local level, as opposed to the international level, which 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.

2.1.6 | 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 2011, the Rexel Group's purchases from its 25 leading suppliers accounted for approximately 50% of its total purchases; approximately 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 offer.

2.1.7 | Risks relating to the 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. The occurrence of such attacks may have an adverse effect on the Group's results of operations or financial condition.

In order to limit such risk, the Rexel Group raises its employees' awareness through the distribution of its Ethics Guide and communication rules, in particular on social networking websites, and it regularly updates its crisis management process.

2.2 LEGAL AND REGULATORY RISKS

2.2.1 | Risks relating to pending litigation

Risks related to pending litigation are described in detail in note 24 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2011, which are set out in chapter 5 “Consolidated Financial Statements” of this *Document de Référence*.

Considering the status of pending tax claims and ongoing tax proceedings, Rexel cannot predict the outcome of these cases with certainty or assess potential tax adjustments. Therefore, although Rexel considers that such proceedings will not have any material effect, Rexel is not in a position to predict whether these proceedings will have a material effect on its financial condition or results of operations.

The Rexel Group believes that its exposure to asbestos related litigation in the United States is limited. Nevertheless, given the nature and status of the proceedings, the Rexel Group’s involvement in such proceedings and the number of claimants, the Rexel Group is not in a position to provide a quantitative estimate of the amount of the claims made. Moreover, given the current procedural status of the proceedings, the Rexel Group cannot predict the outcome of these proceedings or their financial consequences on the Rexel Group. Consequently, although the Rexel Group considers that such disputes will not have any material effect, the Rexel Group is not in a position to predict the outcome of these proceedings or whether these proceedings will have a material effect on its financial condition or results of operations.

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.

2.2.2 | 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, 2011, the Rexel Group’s deferred tax assets linked to tax loss carry-forwards totaled €350.3 million, depreciated in an amount of €177.5 million (see note 9 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011, which are set out in chapter 5 “Consolidated Financial Statements” of this *Document de Référence*).

2.2.3 | 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*.

2.2.4 | Risks relating to pension plans

The Rexel Group is engaged in approximately 50 defined-benefit pension plans across about 15 countries, principally in The Netherlands, the United Kingdom and in Canada.

As of December 31, 2011, the Rexel Group's obligations in respect of the pension plans and similar defined-benefit advantages amounted to €1,206.0 million (present value of the projected obligations as of December 31, 2011). Related pension plan assets assessed at market value as of December 31, 2011 amounted to €960.6 million.

The calculation of the present value of the obligations is based on a number of financial and demographic assumptions, which are set out in note 18 to the consolidated financial statements of Rexel for the year ended December 31, 2011, as set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. This note presents the sensitivity to changes in the discount rate, the expected return on plan assets and the rate of change in medical expenses.

Plan assets mainly include shares and bonds. Their value is therefore subject to changes in these markets. As of December 31, 2011, hedging assets were allocated, on average, as follows:

– 39% in shares;

– 45% in bonds;

– 16% in money market and other investments.

A downturn in financial markets would result in a reduced funding ratio, and, therefore, a larger anticipated net financial expense with respect to future financial years. In order to reduce this risk, the Rexel Group aims at optimizing the allocation of plan assets, based on the maturity of the obligations corresponding to the main pension plans in force.

Furthermore, a decrease in the discount rates, net of the estimated inflation rates, would entail an increase in the pension obligations. The Rexel Group is considering setting up measures aimed at limiting this risk for the largest plans.

Moreover, depending of financing rules specific to each country and each plan, the Rexel Group may be forced to make additional contributions, potentially spread over time, in order to comply with minimum funding ratios. Based on current assumptions, expected contributions in 2012 should be approximately €45 million. Taking into account the uncertainties referred to above, in addition to the uncertainties in connection with the trends of the Rexel Group's activity, and thus of its headcount, as well as in connection with the development in the exchange rates used to convert contributions paid locally into Euros, it is impossible to estimate on a sufficiently reliable basis the expected contributions for future years.

In general, the occurrence of the various risks related to the pension plans may have an adverse effect on the financial condition or results of operations of the Rexel Group.

In order to identify and deal with the risks in relation to the management of pension plans, a committee made up by representatives of the Rexel Group Finance and Human Resources Departments, including two members of the Management Board, meets on a quarterly basis. This committee, supported by specialized consultants, reviews, in particular, the levels of financing of current or closed pension plans, the investment strategies and the performance of the investment policies implemented for the pension plans. It is informed of any material event in relation to the benefits granted to employees, the costs in relation to the pension plans, or changes in the regulations in force in the countries where the Rexel Group operates.

2.3 | RISKS RELATING TO THE REXEL GROUP'S FINANCING

2.3.1 | Risks relating to indebtedness

As of December 31, 2011, the Rexel Group's gross indebtedness amounted to €2,516.0 million and its net indebtedness amounted to €2,078.2 million. In particular, the Senior Credit Agreement had been drawn for €30.6 million as of December 31, 2011. Moreover, in 2009/2010 and 2011, Rexel issued bonds for a total amount of €1,150 million.

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

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 during the same period.

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 2009 Bonds, the 2010 Bonds and the 2011 Bonds and the securitization programs, as described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 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 2.3.2 "Risks relating to bank and bond financing (excluding securitizations)" and 2.3.3 "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 2.4.2 "Interest rate risk" of this *Document de Référence*.

2.3.2 | Risks relating to bank and bond financing (excluding securitizations)

Certain bank loans and bond financings, including the Senior Credit Agreement and the 2009 Bonds, 2010 Bonds and 2011 Bonds (as described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 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 2009 Bonds, the 2010 Bonds and 2011 Bonds also contain provisions concerning acquisitions, as well as 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, in the event of issuance of debentures on regulated markets 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 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. As of December 31, 2011, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide, for each of the relevant dates, 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 2009 Bonds, the 2010 Bonds and the 2011 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.

2.3.3 | Risks related 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 19.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

As of December 31, 2011, 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 notes 11.2 and 19.1.3 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.4 MARKET RISKS

2.4.1 | Risks relating to changes in prices of certain raw materials

In connection with the distribution of cable products, which account for approximately 18% 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.

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, such as the ACE division). 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 2011, the Rexel Group estimates that variations in cable prices contributed to improve, on a recurring basis, its sales by approximately 1.7% on a constant basis and same number of working 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 2011 resulted in a negative non-recurring impact on EBITA estimated at €6.4 million.

In comparison, in 2010, the Rexel Group estimates that variations in cable prices had contributed to improving, on a recurring basis, its sales by approximately 2.9% on a constant and same number of working days basis (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 2010 had resulted in a positive non-recurring impact on EBITA estimated at €23.4 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 2011, transportation costs accounted for 2.5% 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.

2.4.2 | Interest rate risk

The interest rate risk and the system in place to manage this risk are detailed in note 20.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 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 19.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 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 19.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011 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 1.50% and 4.50% (*i.e.*, a difference of 300 base points), which may result in an increase in the financial expenses. It amounted to 2.00% as at December 31, 2011 (compared to 2.50% as at December 31, 2010).

2.4.3 | Exchange rate risk

The exchange rate risk and the system in place to manage this risk are detailed in note 20.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.4.4 | Liquidity risk

The liquidity risk and the system in place to manage this risk are detailed in note 20.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011, 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*.

2.4.5 | Counterparty risk

The counterparty risk and the system in place to manage this risk are detailed in note 20.4 to the Rexel Group's consolidated financial statements for the year ended December 31, 2011, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.4.6 | Share risk

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 of December 31, 2011, Rexel held 2,590,773 of its own shares. Of these shares, 615,773 were purchased for market-making purposes under liquidity agreements (described in paragraph 8.2.3 "Treasury shares and purchase by Rexel of its own shares" of this *Document de Référence*) and 1,975,000 were purchased with a view to their delivery to the beneficiaries of free share grants. These shares were purchased for an average price of €12.40 and €12.02, respectively.

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 2.2.4 "Risks relating to pension plans" of this *Document de Référence*.

2.5 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.

The limits of these policies have been analyzed (based on Rexel Group's experiences, exchanges with the market, industry practices, and the advice of brokers). They widely exceed the amount of losses experienced in the past.

In addition, risks of default of payment 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.

3 CORPORATE RESPONSIBILITY

Relying on its leadership and its closeness to all stakeholders, the Rexel Group has always favored a sustainable and responsible business approach. In 2011, this commitment was further structured with the creation of a “sustainable development & corporate responsibility” plan, which focuses on four major areas: promoting eco-efficient solutions & renewable energy, reducing the Rexel Group’s environmental footprint, improving the steering of CSR (corporate social responsibility) performance and commitment to employees and the communities in which the Rexel Group is present. All of the associated initiatives are strategic for the Rexel Group because they are one of the vectors of growth and innovation.

With this approach, the Rexel Group joined the United Nations Global Compact in 2011 and is therefore committed to advance the ten universally accepted principles relating to human rights, labor standards, environment and the fight against corruption.

3.1 EMPLOYEES OF THE REXEL GROUP

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 taken into account after the launch of the reporting (November 1, 2011) are excluded from the reporting exercise.

For the year 2011, 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 indicators relating to the young population (number of employees of less than 25 years of age, number of managers of less than 30 years of age and number of young graduates among open-ended hires),

– the employees’ integration rates (over 3 months and 1 year).

3.1.1 Number of employees and analysis of workforce

Total number of employees (number of persons registered at December 31, 2011)

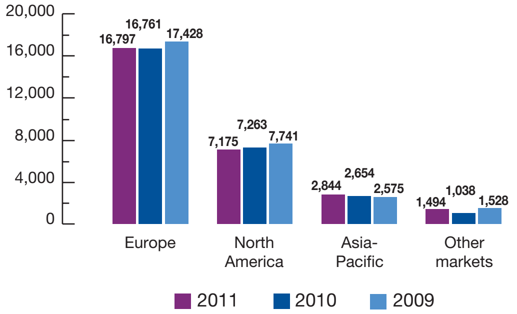
At December 31, 2011, the Rexel Group employed 28,310 persons, compared to 27,716 on December 31, 2010 and 29,272 on December 31, 2009.

The increase in staff is the result, in particular, of acquisitions carried out by the Group in 2011 (see paragraph 1.3 of this *Document de Référence*).

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	2011*	2010*	2009*
Total number of employees	28,310	27,716	29,272
BY GEOGRAPHIC ZONE			
Europe	16,797	16,761	17,428
North America	7,175	7,263	7,741
Asia-Pacific	2,844	2,654	2,575
Other Markets & Activities	1,494	1,038	1,528

* 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 2011, the average monthly number of temporary workers in full-time equivalent was 940.1, *i.e.*, 3.3% of the average monthly total number of employees. This percentage has been increasing slightly (2.8% in 2010 and 2.6% in 2009).

As of December 31, 2011, 27,137 persons had open-ended contracts and 1,173 had fixed-term contracts (4.1% of the number of employees compared to 3.6% in 2010).

Finally, as of December 31, 2011, the Rexel Group had 5,521 managers (defined as persons having at least one employee under their responsibility, or all employees with "executive" status for France), *i.e.*, 19.5% of the total number of employees. This rate is stable compared to 2010 (19.4%).

Among this manager population, slightly more than 6.2% are under 30 years old.

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

As of December 31, 2011, the average age of all of the employees of the Rexel Group was 40.1 years old, against 40.3 years old as of December 31, 2010 and 39.9 years old as of December 31, 2009.

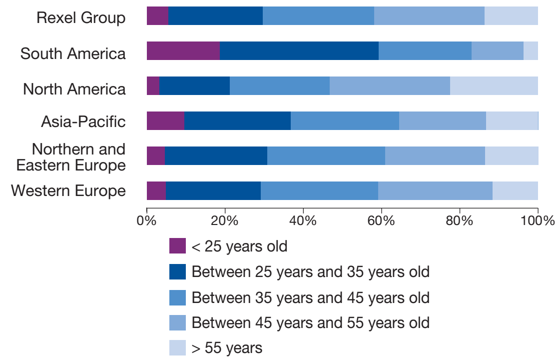
As in 2010, the most represented age range is the 35-45 year-old range (7,784 persons), after which comes the 45-55 year-old range (7,681 persons).

Seniors (defined as the employees over 50 years of age) represented 26.1% of the total number of employees that are registered under open-ended contracts, and employees under 25 years of age represent 5.4%. These 2 indicators have increased compared to 2010, when the percentages of the total number of employees were 25.6% and 5.1%, respectively.

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:

- South America: Chile, Brazil;
- North America: Canada and the United States of America;
- Asia-Pacific: Australia, New-Zealand, India, China and other countries of South East Asia;
- Northern and Eastern Europe: Austria, the Baltic States, Finland, Hungary, Norway, Poland, Czech Republic, Russia, Slovakia, Slovenia, Sweden and Switzerland;
- Western Europe: Belgium, France, Germany, Ireland, Italy, Luxembourg, Portugal, Spain, The Netherlands and the United Kingdom.

HEADCOUNT BY AGE RANGE (OPEN-ENDED CONTRACTS) AS OF DECEMBER 31, 2011



Headcount by gender

The Rexel Group is committed, especially pursuant to its Ethics Guide (see paragraph 3.1.10 "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, 2011, women represented 23.1% of the total number of employees (*i.e.*, 6,543 female employees), compared to 22.6% in 2010.

Among the 6,543 female employees of the Rexel Group, 920 occupied managerial positions, representing 16.7% of all managers. This proportion has increased (15.9% in 2010 and 2009).

Headcount by gender as of December 31, 2011

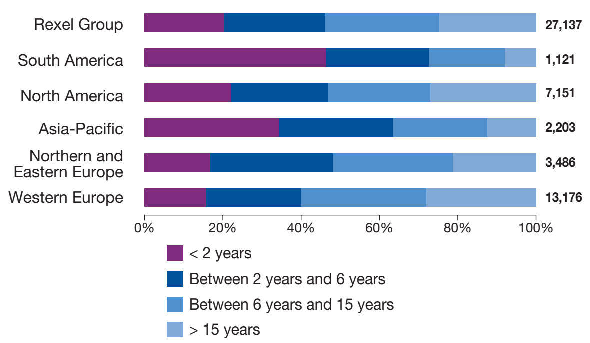
	MANAGERS		NON-MANAGERS	
	FEMALE	MALE	FEMALE	MALE
Rexel Group	**920 (16.7%)***	**4,601 (83.3%)***	**5,623 (24.7%)****	**17,166 (75.3%)****
South America	20 (19.4%)*	83 (80.6%)*	272 (26.1%)**	772 (73.9%)**
North America	358 (26.7%)*	983 (73.3%)*	1,492 (25.6%)**	4,342 (74.4%)**
Asia-Pacific	110 (14.4%)*	652 (85.6%)*	656 (31.5%)**	1,426 (68.5%)**
Northern and Eastern Europe	63 (11.4%)*	491 (88.6%)*	759 (24.6%)**	2,332 (75.4%)**
Western Europe	369 (13.4%)*	2,392 (86.6%)*	2,444 (22.8%)**	8,294 (77.2%)**

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

Headcount with open-ended contracts by seniority

As of December 31, 2011, the average seniority of the Rexel Group's employees with open-ended contracts was 8.4 years.

HEADCOUNT BY SENIORITY (OPEN-ENDED CONTRACTS) AS OF DECEMBER 31, 2011



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 (only 36.3% of the employees of the Rexel Group have more than 6 years of seniority in this zone) whereas in Western Europe, employees with more than 15 years of seniority represent 27.9% of the total number of employees in this zone.

3.1.2 | Recruitment

During 2011, the Rexel Group hired 4,591 employees, irrespective of their type of contract and status.

The number of hires in 2011 has thus constantly increased over the past 2 years (3,732 hires in 2010 and 2,812 hires in 2009).

The total number of hires in 2011 represented 16.2% of the Rexel Group's total number of employees (compared to 13.5% in 2010).

Number and characteristics of recruitments

	2011
Number of recruitments	**4,591**
Including	
– Open-ended contracts	3,629 (79%)
– Fixed-term contracts	962 (21%)
– Managers	437 (9.5%)
– Non-managers	4,154 (90.5%)

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:

- 9.2% of the hires were young graduate employees just out of school;
- 11.7% of the hires were senior employees;
- 0.6% of the hires were employees reporting a handicap.

Finally, the estimate of the average time necessary to fill a vacant position slightly increased in 2011 with 46.9 days compared to 40.5 days in 2010.

3.1.3 | Turnover of employees

The turnover rates of employees (open-ended contracts) at December 31, 2011

The turnover rates include:

- 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;
- The turnover: defined as the average of the entry rate and the departure rate.

In 2011, the entry rate within the Rexel Group was 13.4%.

The departure rate of the employees of the Rexel Group was 15.1%.

Thus, for 2011, the Rexel Group's turnover was 14.2%.

Rexel Group turnover at December 31

	2011	2010
Rexel Group Turnover	14.2%	14.5%

Although the number of new hires has increased in 2011, the Rexel Group's turnover has nevertheless slightly decreased due to the lower number of employee departures.

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.

Departures of employees (with open-ended contracts)

During 2011, 4,099 employees with open-ended contracts left the Rexel Group (compared to 4,629 in 2010).

The reasons for the departures are set out below.

Reasons for departures of employees (with open-ended contracts) in 2011

	NUMBER	PERCENTAGE
Number of departures	**4,099**	**15.1% of the staff with open-ended contracts**
Including:		
– Resignations	2,282	55.7%
– Redundancies (Economic layoffs)	488	11.9%
– Layoffs for other reasons	690	16.8%
– Departures by retirement or pre-retirement	173	4.2%
– Mutual agreement	261	6.4%
– Other reasons	205	5%

Rate of stability and rate of integration

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) slightly decreased in 2011 and amounted to 88% compared to 89.5% in 2010 and 91.1% in 2009.

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) increased from 65.4% in 2010 to 73.2% in 2011.

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.).

Collective Procedures

In 2011, redundancies within the Rexel Group involved 488 employees compared to 1,156 in 2010.

The major reorganizations took place in Italy, The Netherlands and the United Kingdom.

Alternatives to layoffs were set up such as a collective shortening of working time in Italy and internal mobility proposals in the United Kingdom.

3

3.1.4 | Organization and management 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 39.6 hours per week, *i.e.*, slightly almost 8 hours per day.

Use of part-timers

	2011	2010	2009
% of part-time employees	3.6%	3.8%	4.2%

The number of persons employed on a part-time basis with the Rexel Group was 1,032 as of December 31, 2011, *i.e.*, 3.6% of the total number of employees.

Overtime

In its management of its employees' working hours, the Rexel Group makes little use of overtime: nearly 631,050 overtime hours were worked during 2011 by all of the employees of the Rexel Group, *i.e.*, 1.1% of the annual number of hours worked (compared to 557,359 overtime hours in 2010, *i.e.*, 1.0% of the total number of hours worked for the year).

Absenteeism

	2011	2010	2009
Absenteeism rate	2.8%	3.0%	3.0%

The average absenteeism rate of the Rexel Group was 2.8% in 2011, *i.e.* a lower rate compared to the 2010 and 2009 rates.

In 2011, this absenteeism rate was structurally variable depending on geographic zones: high in Europe (4% in Western Europe and 3.6% in Northern and Eastern Europe) and lower in Asia-Pacific and North America (0.7% and 1.2%, 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 | Compensation and benefits

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 60% 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 Group, a new employee shareholding plan was offered in 2010 in 12 countries, *i.e.*, 80% of employees. This 2010 transaction recorded a 13.20% participation rate.

As at December 31, 2011, the number of shares held by employees and former employees in connection with employee shareholding plans amounted to 0.60% 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, the Rexel employees are also increasingly often offered supplementary retirement schemes.

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, 2011, the scheme was applied in 11 countries, allowing for almost 4.500 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.

3.1.6 | 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.

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

Employee representation at the Rexel Group is such that:

- 61% of the entities have at least one employee representative in the broadest sense of the term and excluding committees on health, safety and work conditions (CHSCT). Moreover, 43% of the Rexel Group's entities have a Works Council;
- 64% of the Rexel Group's entities have a committee on health, safety and work conditions;
- 520 employees are involved with representative bodies, which represents 1.9% of the Rexel Group's total headcount with an open-ended contract;
- 163 employees have been appointed as representatives to a trade union, which represents about 0.6% 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.

The Committee was regularly presented with the various plans and reorganizations carried out on a local basis, particularly at the time of the disposal of Kompro, the Dutch company.

In addition to being provided with the Rexel Group's financial results, the Committee was also informed of strategic projects, such as the simplification of the Group's legal structures or Rexel's positioning in terms of energy efficiency.

In addition, the Committee continued to be associated to the developments in relation to the Group's ethical approach and was given a presentation of the employee satisfaction survey, Satisfaxion 11.

Collective bargaining agreements

In 2011, 111 collective agreements were negotiated and entered into between employee representatives and the Rexel Group.

These agreements were for the most part entered into in Western Europe and Brazil (55 collective agreements were entered into in Brazil, because of the local requirement that one agreement be signed for each city in each State). The other collective agreements related to, among other issues, professional equality, profit-sharing or long-term care cover etc.

Profit-sharing and incentive agreements in France

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 2011, the total number of hours of strike amounted to 306 hours, the relevant countries being Italy and France.

3.1.7 | 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.

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

	2011	2010	2009
Number of accidents resulting in death	2	–	–
Number of accidents resulting in medical leave	444	437	482
Number of accidents not resulting in medical leave	512	592	522*

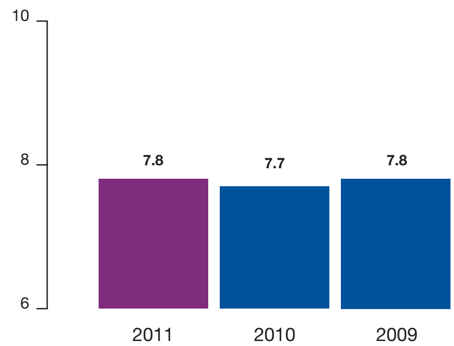
* Excluding Rexel France (non-consolidated figure). This element does not have an impact on the following indicators to the extent that only the number of accidents resulting in medical leave is used the following calculations.

In 2011, 958 workplace accidents had been identified within the Rexel Group: 2 resulted in the death of the employee (of which one was a commuting accident), 444 resulted in medical leave and 512 did not result in medical leave.

The number of working days lost as a result of workplace accidents was 9,446 in 2011 (*i.e.*, approximately 71,135 hours).

With respect to health and safety conditions, in addition to the measures taken for several years (risk mapping (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



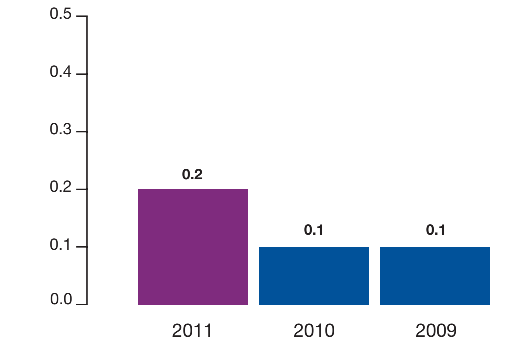
The frequency rate of working accidents within the Rexel Group, calculated as the number of working accidents which resulted in a medical leave per one million working hours, was 7.8 in 2011.

This rate has been stable for the past two years.

3

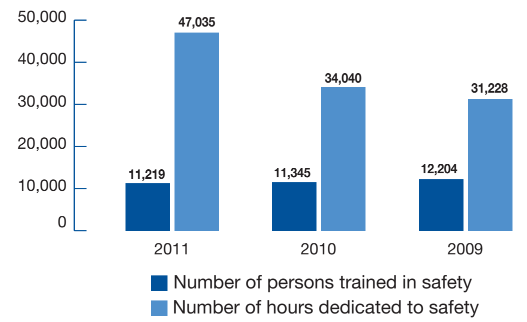
In 2011, the majority of employees that were involved in workplace accidents belonged to the logistics department (54.5% of working accidents) and the sales department (22.1% of working accidents).

Severity rate



The severity rate of workplace 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 0.2 compared to 0.1 in 2010.

Safety training



The number of persons trained in safety slightly decreased: approximately 40 % of the total headcount in 2011 (*i.e.*, 11,219 employees). The number of training hours, in turn, has constantly risen (47,035 hours compared to 34,040 hours in 2010 and 31,228 hours in 2009) illustrating the increasing importance placed on these awareness programs.

In numerous countries, safety training is now a standard procedure at the beginning of employment.

In 2011, there were 70 Hygiene, Safety and Working conditions Committees (**"CHSCT"**) within the Rexel Group (64% of Rexel's entities had at least 1). 429 employees were involved, representing 1.6% of the total workforce with open-ended contracts.

3.1.8 | Training and skills management

In 2011, the overall number of people trained rose substantially, amounting to 18,047 compared to 13,318 in 2010. The number of training hours also rose, from 168,122 as at December 31, 2010 to 214,048 hours as at December 31, 2011.

Lastly, the average number of training hours per employee trained in 2011 is in line with this trend, and amounted to 17.9 hours compared to 12.6 hours in 2010.

Total number of training hours and training expenses

	2011		2010	
	TOTAL NUMBER OF TRAINING HOURS	OVERALL TRAINING EXPENSES (IN THOUSANDS OF EUROS)	TOTAL NUMBER OF TRAINING HOURS	OVERALL TRAINING EXPENSES (IN THOUSANDS OF EUROS)
Western Europe	89,414	3,512.4	89,398	4,317
Northern and Eastern Europe	29,678	1,425.6	28,235	1,286
North America	43,314	834.6	28,314	942
South America	25,894	356.9	5,379	131
Asia-Pacific	25,748	468.8	16,796	417

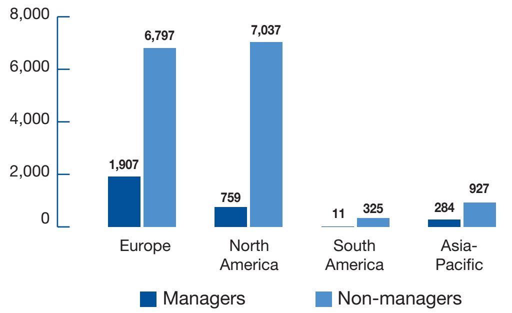
The Rexel Group's overall training expenses for 2011 amounted to €6.6 million.

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 2011, 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 etc.

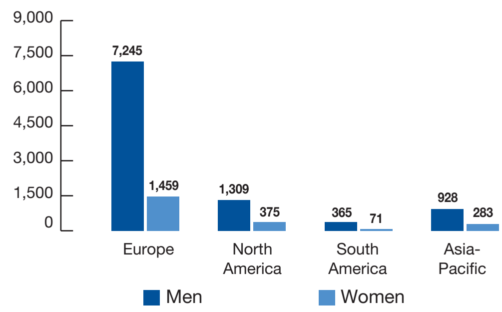
In addition to these recurrent sessions, numerous training sessions are organized in order to support the Group's strategy and the development of its employees towards additional services, new technologies, all with a view to achieving energy efficiency. The following programs can be cited for 2011: social media, new technologies, renewable energy, building management etc.

Training by position (headcount)



In 2011, 16.4% out of the 18,047 people trained were managers and 83.6% were non-managerial employees.

Training by gender (headcount)



* Excluding the United States (non-consolidated figures).

In 2011, 18.3% out of the people trained were women and 81.7% were men.

Performance evaluation and skills development

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 2011, almost every country organized an annual session of formalized individual performance evaluations.

	2011	2010	2009
Number of employees having received a performance assessment	18,850	19,689	18,365
% of employees assessed as compared to eligible employees	78.6%	77.7%	71.4%
% of employees assessed as compared to total workforce	66.6%	71.0%	62.7%

The Rexel Group gives particular attention to the evaluation of the performance assessments of its employees as exemplified by the increased number of evaluations over the three previous financial years.

Promotions

In 2011, 1,903 employees with open-ended contracts had been promoted to a higher position, *i.e.*, approximately 6.7% of the total number of employees of the Rexel Group. This percentage marks a substantial increase compared to 2010, when 4.5% of employees under open-ended contracts had been promoted.

Amongst these 1,903 employees, 20.2% were managers and 79.8% were non-managers.

3.1.9 | 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 eight 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, and 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, 2011, women represented 23.1% of the total headcount compared to 22.6% in 2010. This percentage, which has increased but remains low is nevertheless in line with the reality of the market and the low level of female employees in the specialized distribution sector.

2011 labor indicators show non-material differences in relation to the following aspects:

– ***Promotion***

  In 2011, 6.3% of female employees were promoted, compared to 6.8% of male employees.

  53 non-manager female employees were promoted to manager (*i.e.*, 0.8% of non-manager female employees). In the male employee population, the rate was comparable (177 men, *i.e.*, 0.8% of non-manager male employees).

– ***Salary increases***

  68.1% of male Rexel Group employees had their base salary increased in 2011, compared to 70.5% of female Rexel Group employees.

– ***Training***

  In 2011, 18.3% of employees receiving training were female whereas they represented 23.1% of the total workforce, and 81.7% were male whereas they represented 76.9% of the total workforce of the Rexel Group.

  As in 2010, there is still room for improvement in relation to gender equality within the Rexel Group. Nevertheless there is no material difference at the date hereof.

Handicapped employees

In 2011, the Rexel Group employed 215 people reporting a handicap, *i.e.*, about 0.8% of its total headcount, a slight increase compared to 2010 (0.7%).

Handicapped employees accounted for 0.6% of total hires with open-ended contracts as of December 31, 2011.

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 26.1% of the total headcount with open-ended contracts in 2011;

– represented 11.7% of new hires in 2011;

– had, in 2011, their base salary increased for 68.6% of them, compared to an average for the Rexel Group of 68.7%.

3.1.10 | Rexel's ethical commitment

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.

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 eight 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 2011 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	13
	Complaint	42
	Dispute	4
	Others	5
Author of request	Customers	5
	Rexel employees	56
	Supplier	1
	Local authorities	0
	Employee representatives, unions	0
	Anonymous	0
	Others	2
Subject matter of the request	Customer relations	8
	Supplier relations	4
	Relations between employees	26
	Work conditions	9
	Anti-corruption action	0
	Action against fraud and theft	17
	Environmental protection	0
Type of action taken	Preventive	12
	Corrective	26
Geographic area	Western Europe	14
	Northern and Eastern Europe	7
	North America	39
	South America	0
	Asia Pacific	4

64 ethics cases were thus brought to the attention of a Rexel Group ethics correspondent in 2011: the majority was identified in North America, and approximately two-thirds related to either relationships between employees or the fight against fraud and theft.

All cases were processed, verified (by audits or investigations undertaken by Management in the country in question) and treated with preventative action (12 cases) and/or corrective action (26 cases) depending on the situation. The remaining cases are still in the process of being investigated or settled.

3.2 REXEL'S COMMUNITY INVOLVEMENT

3.2.1 | The Rexel Group's social challenges as a distributor of electrical equipments and solutions

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 specifics of its business, the density of its network at the global level and the cultural diversity of its employees, the Rexel Group has to take into account community issues in the determination and implementation of its development strategy.

In particular, the Group's entities create and distribute eco-efficient electrical solutions as well as innovative know-how, thus contributing to sustainable progress in housing, the service sector and the industry throughout the world (see paragraph 3.3.3 "The "Eco-Efficiency & Renewable Energy" solutions offer" of this *Document de Référence*).

3.2.2 | Impact on regional development

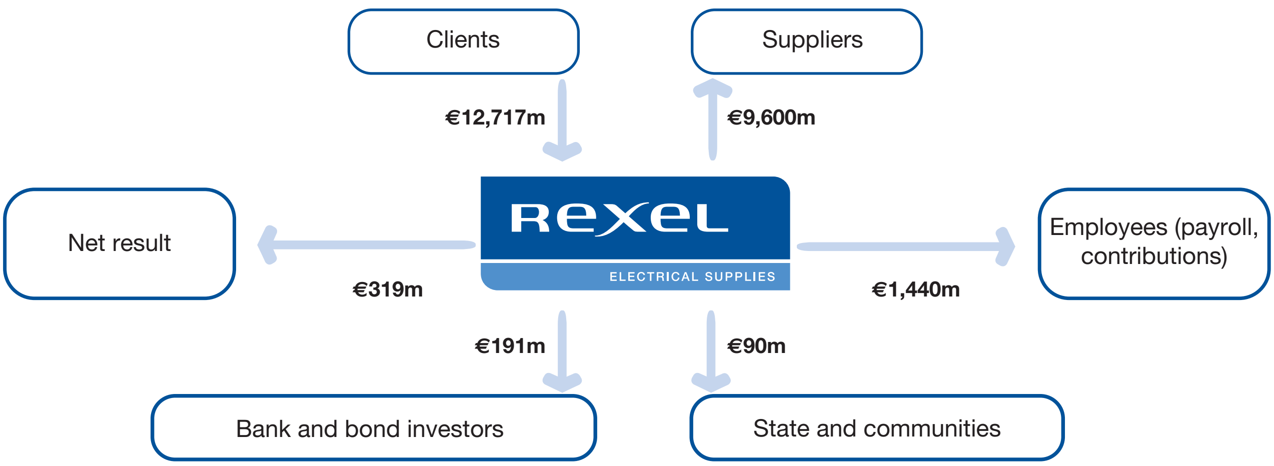
As a global market leader, the Rexel Group contributes to structuring and developing its business sector in all regions where it is present in order to always bring higher value to its stakeholders. This approach relies on the consideration of regional particularities in the determination of its strategy, the constant pursuit of operating efficiency, the optimization of means used and the development of key segments such as the mastering of energy or renewable energy sources.

Thanks to its global presence and local foothold (a network of 2,128 branches in 37 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,
- 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 over 28,000 employees in total), and
- participating in the training of professionals or young students in partnership with schools and universities.

The activity and the profitability of the Group benefit to all of the stakeholders. 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.

Its business model also places the Rexel Group as a partner of the performance of its global suppliers, as it accompanies their international development, but also of local small- and medium-sized businesses (contractors, carriers etc.), for which it creates new prospects.



3.2.3 | Charity and patronage

In 2011, as part of the setting up of its "sustainable development & corporate responsibility" initiative, the Rexel Group redefined its involvement territory, the framework designed to facilitate the emergence of solidarity projects and initiate programs at the international or local level.

The Rexel Group ultimately wants to be a major player in the struggle against fuel poverty by promoting access to energy efficiency for all, as well as optimizing energy use and consumption.

On the basis of this involvement territory, the Rexel Group has set up a working group aimed at defining the terms of any solidarity project or partnership initiated by its subsidiaries. This approach will materialize in 2012 with the publication of a Charter and a Guide to the attention of all employees.

Operationally, the Rexel Group signed a first two-year global partnership with Ashoka, the non-governmental organization, aimed at promoting access to energy efficiency through social entrepreneurship. The Rexel Group is committed to Ashoka to accompany and provide financial support to social entrepreneurs that show positive leadership and innovation capacities on the issues of energy efficiency. Cooperation programs with, as a first step, the Rexel Group subsidiaries present in 4 countries (United Kingdom, Canada, Brazil and the United States), will be implemented from mid 2012.

To complete and strengthen this global approach, the subsidiaries developed numerous local patronage and charity initiatives, among which:

– *Promotion of the electricity line of business to the female public:* Newey & Eyre, an entity based in the United Kingdom, made commitments towards the Electrical Contractors' Association (ECA) as part of an initiative aimed at feminizing the electrician profession. Rexel thus participated in the *"Wired for Sucess"* program, an electrician degree training for female candidates, which proposes technical knowledge, commercial skills as well as professional integration support.

– *Awareness-raising in the area of habitat energy efficiency:* in association with the Brazilian Ministry for Culture, the Rexel Group local entity was the leading force behind a major initiative aimed at encouraging the young population to make an efficient use of household energy. An educational guide, "Dr Electrics" was thus created and distributed in seven schools, raising awareness on this issue among over 900 students. The Brazilian employees were also associated with the initiative and its results.

– *International mobilization of employees in the fight against cancer:* the Rexel Group's Canadian and American employees participated in the 2011 edition of *"Relay for life"*. International fund-raising event aimed at supporting research and helping the sick, the participating teams spend an entire night taking turns on various activities in order to raise maximum contributions. On this occasion, the Rexel Goup's Canadian team of employees was awarded the "golden team" medal.

In addition, numerous Rexel Group entities supported collective and solidarity initiatives by offering products and equipment, free of charge.

Lastly, the overall amount of donations at Rexel Group level amounted to almost 700,000 euros, compared to 669,700 euros in 2010.

3.3 ENVIRONMENTAL INFORMATION

In 2011, the Rexel Group's environmental reporting continued gaining reliability and relevance, in particular thanks to the focus on the identification of the sources and the calculation methods of the data collected.

In addition, the scope of reporting and the indicators underwent a slight change to conform to the main international standards in relation to corporate environmental performance.

In particular, the Rexel Group used the Greenhouse Gas Protocol to steer the measurement of greenhouse gas emissions (rated GHG) and facilitate communication on this subject (see paragraph 3.3.5 "Methodology Note & Summary Table" of this *Document de Référence*). In addition, in 2011, the Rexel Group reported direct GHG emissions to the international Carbon Disclosure Project organization.

In continuation of efforts in 2010, numerous training and awareness sessions were provided to the subsidiaries' environmental correspondents, most notably with the organization of the Group's first Sustainable Development Seminar in March 2011, and the steering of reporting throughout the Seminar.

Thus, the quality and representativeness of the responses improved between 2010 and 2011, allowing for a better assessment of the challenges and efforts carried out but may lead to put into perspective the interpretation of the changes between these two years.

3.3.1 | Environmental strategy and issues for the Rexel Group

As one of the world leaders of the distribution of electrical equipment and solutions, the Rexel Group has a double environmental responsibility:

- as a company established in its local environment, managing infrastructures and creating logistical flows, the Rexel Group takes action in favor of the ecosystem within which it operates through improved management of the impact of its activities on its environment (direct and indirect carbon footprint, waste etc.) and natural resources used (energy, water, packaging etc.);
- moreover, by selling energy control and renewable energy 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.

3.3.1.1 The main lines of the Environmental policy

The implementation of the Rexel Group's environmental strategy is built around three main lines of action, which are determined and managed by the Sustainable Development Department in cooperation with various head office services and local operational teams.

The "Operations & Distribution Channel" line of action

This line of action aims at reducing the environmental impact of the business and of the infrastructures of the Rexel Group. It covers, on the one hand, the impacts related to the core distributor business, *i.e.*, selecting products, transporting them and, where necessary, taking them back and, on the other hand, the quantitative impacts generated by the operation of the sites (energy, water, etc.).

Although these impacts are relatively low compared to those of its industrial production, the Rexel Group strives to reduce them by daily and assessed actions aimed at:

- reducing GHG emissions by acting, inter alia, on upstream and downstream transportation and on the energy performance of its premises (administrative headquarters, branches, logistics hubs etc.);
- controlling energy and water consumption as well as the use of packaging; and
- collecting and recycling its own waste as well as of its customers' specific waste.

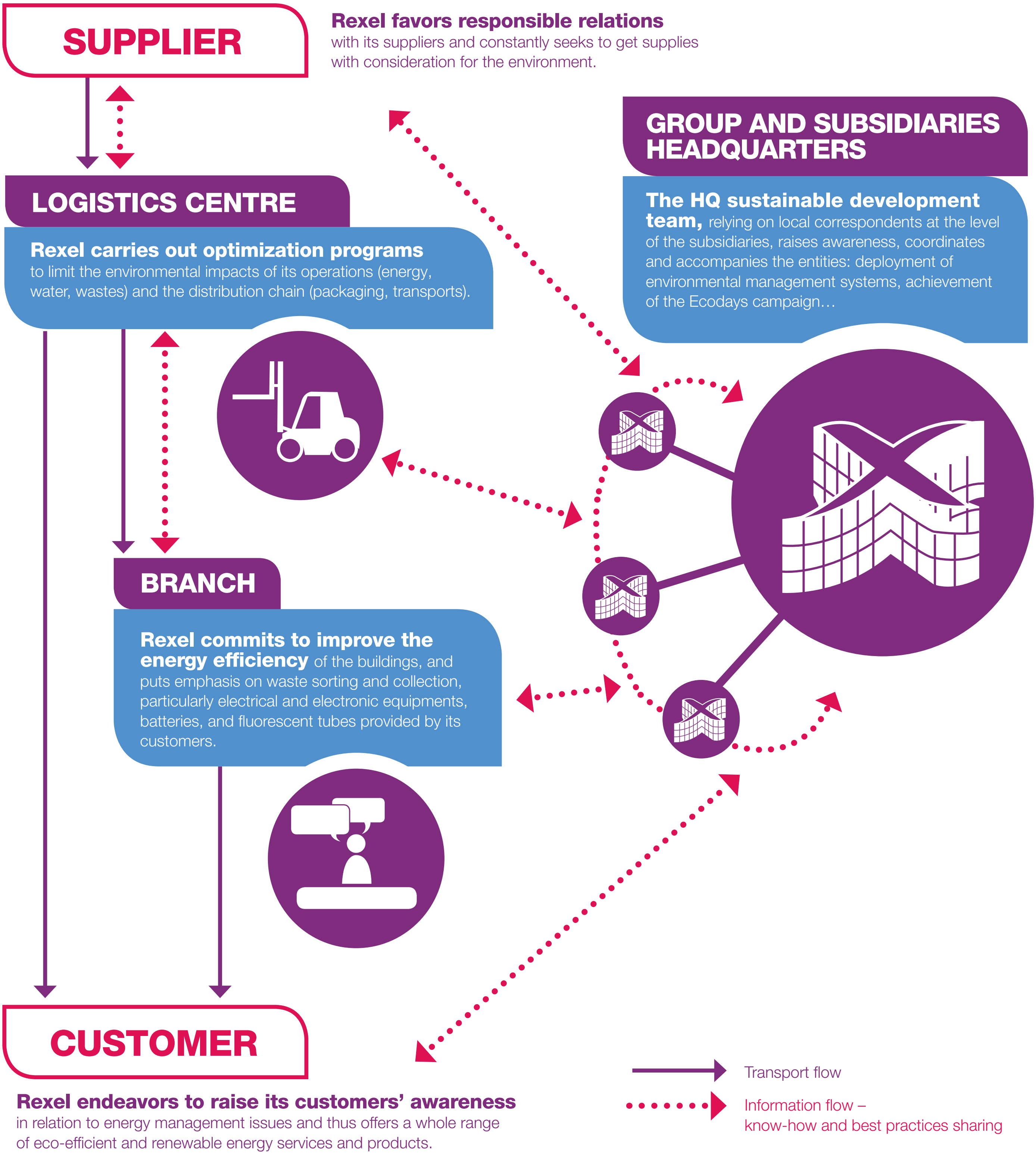
The "Energy Efficiency and Renewable Energy products & solutions" line of action

This line of action aims at improving the distribution of eco-efficient electrical solutions & renewable energy solutions on the industrial residential, and service markets.

Through its global network of 2,128 branches and its poles of expertise, the Rexel Group is a key actor of energy efficiency and new energy. In each of the 37 countries where the Rexel Group operates, entities are able to conceive solutions fully adapted to the customers' concerns in these domains thanks to:

- a dedicated Eco-efficient and Renewable Energy products offering (see paragraph 3.3.3 "The "Eco-Efficiency & Renewable Energy" solutions offer" of this *Document de Référence*),
- customer and business partner training and awareness raising actions as well as internal work groups to increase employees' skills, develop expertise and share best practices.

REXEL ENVIRONMENTAL COMMITMENTS



The "Steering of Environmental Performance & Regulatory Compliance Monitoring" line of action

This line is dedicated to the operational implementation and steering of the Rexel Group's environmental policy, and to the identification of the regulatory requirements in relation to environmental matters as well as to bringing the Rexel Group's environmental policy in compliance with those requirements.

To this effect, the Rexel Group has several tools at its disposal:

- the Rexel Group's environmental Charter and Guide,
- the implementation, within the subsidiaries, of specific procedures dealing with a given significant environmental issue (e.g., the "collection and recycling of waste" procedure in Spain),
- the deployment of Environmental Management Systems, based on the ISO 14001 standard,
- the monitoring of GHG emissions, particularly further to the 2010 Rexel Group study which allowed for the organization of reporting channels and for the creation of a group of persons acting as points of reference on the topic.

Lastly, the environmental reporting process, as well as its continuous improvement, form an integral part of these monitoring tools.

Compliance with regulatory requirements in relation to environmental matters is taken into account in the monitoring of environmental performance. Multidisciplinary teams at Group level are designed to implement the associated projects. The main regulations that may have an impact on the activities of the Rexel Group are described in paragraphs 1.8 "Regulations" and 3.3.4.2 "Assessment and Conformity Process" of this *Document de Référence*.

3.3.1.2 Rexel Group's priorities for 2011

For 2011, the Rexel Group had set five main objectives, all of which have been met:

1. Structure its "Sustainable Development & Corporate Responsibility" initiative integrated into the Rexel Group's strategy, providing the basis for the deployment of operational initiatives within the Rexel Group's subsidiaries,
2. Increase the reliability of environmental reporting procedures and develop the indicators in order to improve performance monitoring,
3. Increase client awareness in relation to eco-efficient electrical products and develop associated sales,
4. Strengthen the knowledge and management of the Group's carbon footprint by complying with an international standard (GHG protocol – see paragraph 3.3.5 "Methodology Note & Summary Table" of this *Document de Référence*) and by continuing to develop cooperation with the stakeholders,
5. Improving the collection and recycling of own waste and clients' waste.

The associated results and main initiatives are detailed in the following paragraphs.

3.3.2 | Impact relating to operations and the distribution network

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 relating to the operation of the commercial activity, on the one hand, and the impact of infrastructures on the other hand.

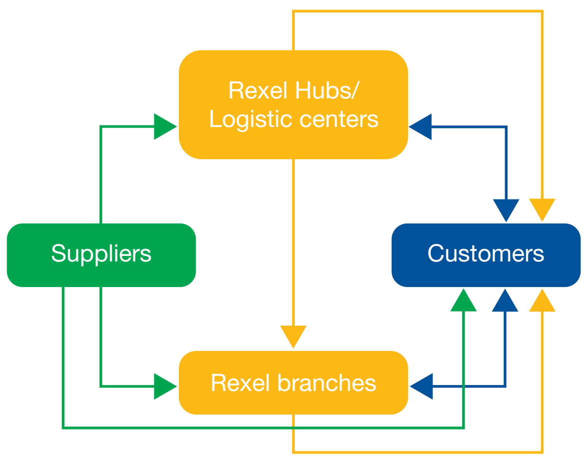
3.3.2.1 Impact relating to the commercial activity

The environmental impact of commercial activity is related to, in particular, transportation for deliveries or visits to customers, the use of consumables (packaging, commercial paper) and direct or indirect waste management.

Transport of goods

The Rexel Group's activities imply the transportation of equipment and goods that may be carried out either directly by the Rexel Group or by sub-contractors.

The graph below presents the main transportation flows in connection with the Rexel Group's activity:



- in **green**, the Rexel Group suppliers' transport towards the distribution centers, branches and customers,
- in **blue**, customer's transport towards the Rexel Group,
- in **orange**, transports initiated and managed by the Rexel Group between the distribution centers / hubs and the branches, towards the customers.

In 2011, the Rexel Group focused on the assessment of the transport that it initiates and manages (orange flows) in order to continue to both improve data collection and quality and ultimately to have the benefit of experience to set up improvement programs.

The study of customer and supplier transportation was not completed because these two types of flows were the subject of in-depth review as part of the evaluation of the Rexel Group's carbon footprint at the end of 2010. They will certainly be integrated in the environmental reporting protocol in the future, or reviewed again as part of the next global evaluation of GHG emissions.

Transportation optimization

In the context of the Rexel Group's transportation optimization policy, in each of the countries where it operates, the Rexel Group takes measures, both directly or with its sub-contractors, in order to optimize delivery itineraries and loads while at the same time maintaining the same level of services. The Rexel Group thus endeavors to reduce the kilometers driven, the fuel consumption and the related GHG emissions.

In 2011, the Logistics & Transport Department of the Rexel Group continued rolling out its transport model change plan, in order to optimize costs, increase flexibility and service while reducing environmental impact. This strategy aims, on the one hand, at optimizing the operation of the fleets owned directly or leased and on the other hand increasing sub-contracting with carriers which pool the flows of the Rexel Group with those of their other customers. As at the date hereof, externalized and shared transportation is used in more than 70% of entities having participated in the environmental reporting process.

GHG emissions due to the transportation of goods by Rexel's truck fleet

The emissions relate to the following indicators:

– Transportation of products by the truck fleet owned directly by the Rexel Group's subsidiaries;

– Transportation of products by the truck fleet operated by the Rexel Group's subsidiaries under long-term leasing arrangements.

In 2011, GHG emissions from the transportation of goods by the Rexel Group's fleet of trucks, comprising nearly 1,800 vehicles, amounted to 26,975 tons of CO_2 equivalent. These figures, which were calculated on the basis of figures, correspond to 98% of the Group's environmental reporting perimeter.

Transport of persons and professional travels

Furthermore, the Indirect Purchases Department of the Rexel Group has, over the last four years, been setting up framework agreements in order to rationalize car fleets and set up environmental indicators in relation to CO_2/kilometer emission rates and average fuel consumption. Rexel signed agreements with long-term car rental firms and also entered into agreements with 5 car companies in order to support each country in the implementation of this policy.

The increase of fleets of cars, known as "greener" cars, within the Rexel Group should allow for a decrease of at least 13% in fuel consumption between 2010 and 2014. The objective is to renew 75% of the fleets by the end of 2012.

In 2011, 50% of the European fleet, which is the Rexel Group's most largest fleet, was renewed and the average rate of CO_2 emitted by vehicle in the "company/service vehicles" category is now 130 grams. Some countries have already reached a much lower level of 120 g CO_2/km.

The "CO_2" impact should be even more pronounced in 2012 with the manufacturers' new vehicle models and the continuation of the renewal of the vehicle fleet, confirming the announced objectives. The Rexel Group should thus be able to meet the European objectives, *i.e.*, 130 g CO_2/km in 2015, as early as 2012.

Finally, the Rexel Group will continue to expand its car fleet policy in other continents.

Emissions of GHG due to business travels by car

These emissions relate to the following indicators:

– Business travels using the car fleet owned directly by the Rexel Group's subsidiaries;

– Business travels using the car fleet operated by the Rexel Group's subsidiaries under long-term leasing arrangements.

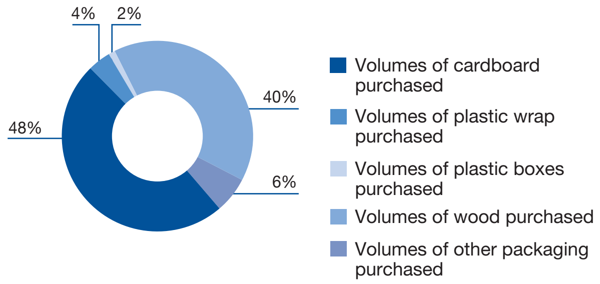
In 2011, the Rexel Group's GHG emissions due to business travels amounted to more than 30,112 tons of CO_2 equivalent. These figures were calculated based on data corresponding to 98% of the Rexel Group perimeter.

Use of consumables

Packaging

The total amount of packaging (cardboard, plastic, wood, other packaging) consumed by the Rexel Group in 2011 was of approximately 7,800 tons, distributed as follows:

BREAKDOWN OF VOLUMES BY TYPE OF PACKAGING IN 2011



Nota: the reported quantities of packaging have been computed based on items corresponding to a reply perimeter of 90% of sales; they are only those consumed by the Rexel Group, and do not include suppliers' packaging that is re-used by the Rexel Group.

An effort to re-use packaging is carried out within the Rexel Group: many countries have set up a system of re-use of wood pallets and reels (involving, in particular, their return to the suppliers), of suppliers' cardboard used for deliveries to customers or using plastic boxes for small equipment deliveries between logistic hubs and branches. However, on a constant perimeter basis, cardboard consumption increased by approximately 66% while plastic consumption increased by approximately 24%.

Commercial paper consumption

For the printing of its commercial brochures, booklets, catalogues, etc., the Rexel Group consumed approximately 1,303 tons of paper in 2011. Note: these figures have been computed based on an answering perimeter of 98% of the Rexel Group's sales.

Waste management

In the scope of its environmental policy, the Rexel Group seeks to reduce the quantity of waste generated by its activities and encourages their processing. Thus, especially as concerns Rexel's Environmental Charter, and beyond its legal obligations, the Rexel Group encourages all of its branches to:

- implement a sorting process in order to allow waste recycling, and
- contribute, within the framework of local regulations, to the collection and valuation of certain specific waste, such as waste electrical and electronic equipment (see European Directive 2002/96/EC of January 27, 2003, known as "WEEE", paragraph 3.3.4.2 of this *Document de Référence*).

Total quantity of waste

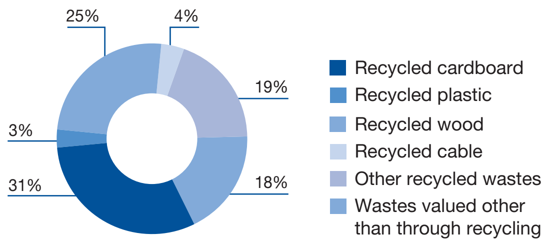
The total volume of waste generated by the Rexel Group was 20,717 tons in 2011, all materials combined (excluding WEEE and batteries). These figures were calculated on the basis of an answering perimeter representing 76% of total sales.

Collection and recovery of ordinary waste

Over 80% of the branches of the Rexel Group use an ordinary waste sorting process (including cardboard, plastic and wood) for recycling or re-use; the total volume of waste valuated by the Rexel Group, all materials combined (excluding WEEE and batteries), exceeded 13,270 tons in 2011. These figures were calculated on the basis of an answering perimeter representing 76% of sales.

On a constant basis, the volumes of recycled cardboard and paper decreased by 30% and the volumes of recycled plastic decreased by a little over 40% between 2010 and 2011. The total volume of recycled waste however increased by 12%, thanks to the improved collection of data on wood and cable waste. The waste recycling rate increased from 59% in 2010 to 65% in 2011.

BREAKDOWN OF RECYCLING BY TYPE OF MATERIALS IN 2011



Collection and recovery of specific waste

In most European countries, the implementation of European regulations in relation to Waste Electrical and Electronic Equipment (WEEE) has caused the Rexel Group to collect the WEEE for recycling. Almost 64% of branches have established a process for the management and recovery of WEEE and 4,724 tons were collected.

In 2011, the Rexel Group also contributed to the recycling of almost 13,600,000 fluorescent tubes and bulbs and 25 tons of batteries. These figures were calculated on the basis of an answering perimeter representing 75% of sales.

Hazardous substances

The Rexel Group's business activities do not produce hazardous waste.

3.3.2.2 Impact related to infrastructure

The impact of infrastructure (branches, distribution and administrative centers) essentially includes the consumption of energy and natural resources inherent to their operation as well as auxiliary materials.

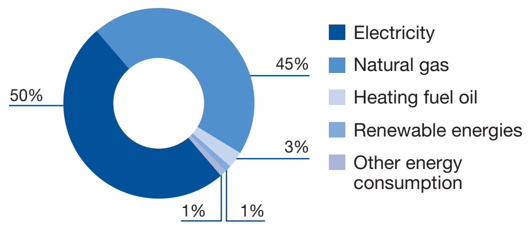
Energy

For the Rexel Group, consumption of energy is a great challenge in terms of GHG emissions and cost control, as the increasing scarcity of fossil energy resources (coal, petrol, natural gas, etc.) will inevitably lead to an increase in prices. In this context, a voluntary consumption reduction plan is under process at the level of each entity.

Rexel Group's Energy Consumption – Sources and Evolution

The graph below shows the energy consumption of the Rexel Group.

BREAKDOWN OF ENERGY CONSUMPTION BY TYPE OF ENERGY IN 2011



On a constant basis, energy consumption remained stable between 2010 and 2011 (351,529 MWh and 350,375 MWh, respectively).

Measures taken to improve the sites energy efficiency

Improving energy efficiency is now taken into account during site renovations or relocations, in particular through:

- the setting-up of motion detectors in areas with low employee presence;
- the replacement of incandescent light bulbs by energy saving lamps (low-consumption or LED) as well as the replacement of classic fluorescent tubes with high-efficiency fluorescent tubes;
- the modernization of heating, air-conditioning or ventilation systems;
- the use of renewable energy sources through the installation of solar panels or connections to heat grids produced by biomass-fuelled power plants.

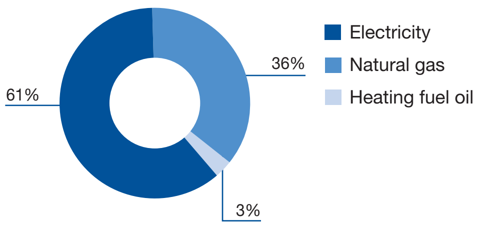
In 2011, for instance, the Rexel Group's American subsidiaries set up a partnership with a services company in order to reduce its branches' energy consumption through the monitoring and optimization of electricity consumption.

GHG emissions due to energy consumption

The emissions of GHG due to the energy consumption of the Rexel Group in 2011 amounted to approximately 88,133 tons of CO_2 equivalent, a value obtained on a sales perimeter of 98%.

The following chart shows the breakdown of CO_2 emission for each type of energy consumed in 2011.

BREAKDOWN OF CO_2 EMISSION BY TYPE OF ENERGY IN 2011



Water consumption

Water at the Rexel Group is primarily consumed in commercial and administrative buildings through the use of systems such as air conditioning and toilets, for the maintenance of the facilities as well as during mandatory fire protection systems draining operations.

Total water consumption for the Rexel Group was of approximately 498,643 m^3 in 2011. This consumption increased by 24% compared to 2010, on a constant basis. These figures were calculated on the basis of an answering perimeter representing 97% of the Rexel Group's headcount.

Non-commercial consumption of paper

The international scale of the Rexel Group is a strong lever by which to optimize and standardize its indirect purchasing policy, by integrating it with steps to reduce environmental impact. As concerns office supplies and paper, the Rexel Group entered into an agreement with an international supplier four years ago, allowing for the streamlining of costs and a significant reduction of the associated impact of transportation.

This year, the Rexel Group's non-commercial paper consumption, on the basis of an answering perimeter representing 98% of sales, amounted to approximately 1,224 tons.

In addition, the Rexel Group signed a five-year printing services management agreement in 2009 covering 34 countries. This agreement, the ambition of which is to reduce paper volumes by 10%, is now 44%-implemented.

3

3.3.2.3 Pollution

TYPE OF POLLUTION	
Water pollution	NA
Soil pollution	NA
Air pollution	See paragraphs on GHG emissions
Noise and olfactory pollution	Negligible
Land use conditions	NA
Ecosystem pollution	See paragraph on Environmental Strategy and Challenges

3.3.3 | The "Eco-Efficiency & Renewable Energy" solutions offer

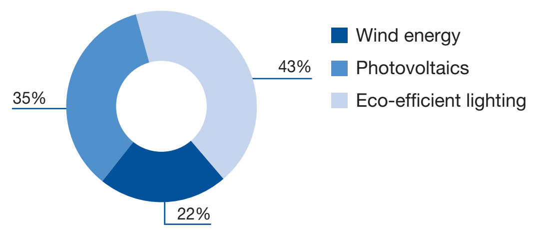
As previously presented in paragraph 1.4.4 "Strategy of the Rexel Group" of this *Document de Référence*, the intention of the Rexel Group is, inter alia, to accelerate its development by relying on targeted growth drivers, namely energy efficiency and renewable energy.

Its expertise, its proximity with the markets and its global vision in relation to electrical appliances allow the Rexel Group to offer solutions and services to its clients thus aimed at:

- Reducing energy consumption through innovation, new functionalities and assembly methods of electrical devices upon the construction, refurbishment or maintenance of housing, commercial or industrial buildings:
  - lighting (compact fluorescent lamps, energy-saving halogens, LED);
  - measurement and regulation devices (intelligent meters);
  - monitoring systems (sensors, motion detectors and command centralization);
  - speed variators and high-efficiency engines;
  - house automation systems;
  - low consumption household appliances.
- Providing equipment components and full renewable energy solutions based on the following energy sources:
  - solar (photovoltaic panels or solar thermal collectors, roof fitting structures, UPSs, special cables, electrical safety equipment, circulation networks, storage bulb, resistor, etc.);
  - wind mill (electrical and mechanical components, specialized cables, and automation devices);
  - geothermal devices (heat pumps, thermal sensors, etc.)

To accelerate its growth in these areas, the Rexel Group has set up dedicated business structures, called SOGs (Strategic Organic Growth), aimed at developing very high-value added solutions for three main segments, namely photovoltaics, wind energy and eco-efficient lighting. In 2011, these activities generated a turnover of nearly €500 millions. (See paragraph 3.3.5.2 "Summary Table" of this *Document de Référence*).

BREAKDOWN OF SALES BY MARKET SEGMENT IN 2011



3.3.4 | Monitoring of environmental performance & regulatory compliance

3.3.4.1 Environmental Charter & Environmental Management System

To support the operational implementation of its strategy, the Rexel Group has, over the past few years, deployed its Environmental Charter and Guide.

The Charter, which is communicated to all employees, sets out 10 concrete actions of the Rexel Group's commitment in favor of the environment:

Vis-a-vis the customers of the Rexel Group:

1. Promote products that contribute to energy saving (dedicated space or catalogue).
2. Propose a specific Renewable Energy solutions offering.
3. Organize promotion days for eco-efficient equipment and renewable energy solutions.

Within branches, logistic and administrative centers:

4. Organize information and training days on equipment that contribute to energy saving or use renewable energy.
5. Install low-energy lighting and equipment.

For waste recycling:

6. Seperate cardboard, paper, catalogues, and magazines from other waste for recycling.

7. Collect fluorescent tubes and other used lighting sources for recycling.
8. Collect other waste from electrical and electronic equipment (WEEE) for recycling.
9. Collect used batteries for recycling.
10. Cooperate with our suppliers with a view to returning used ink cartridges and toner.

Each site manager implements those of the actions provided in the Charter that are adapted to its local particularities in order to reduce the environmental impact and to develop commercial actions so as to increase the sale of so-called "green" products.

The Guide is an information and educational support tool that provides practical advice for the implementation of the ten actions of the Environmental Charter.

The monitoring of the implementation of the Charter is included in the annual reporting indicators. In 2011, the Charter was in place in 81% of the Rexel Group's sites where associated action plans have been set up.

The Charter is considered as the first step towards the setting up of an environmental management system (EMS) aiming primarily at defining and documenting procedures in order to improve the steering of improvement actions.

In fact, for several years now, some subsidiaries have been seeking ISO 14001 certification for their EMS. This was the case for the Czech subsidiary in 2011.

To date, 30% of the Rexel Group entities have set up an EMS and 20% are ISO 14001 certified.

In addition to the environmental management tools, the Sustainable Development Department, supported by the Communications Department, raises employee awareness on the Group's environmental challenges through an annual, one-week event called "Ecodays".

In 2011, the Ecodays events were dedicated to "energy efficiency at work". Through a website dedicated to the event, translated into 8 languages, all Rexel Group employees were invited to familiarize themselves with energy efficiency issues and the subsidiaries' initiatives in this area, to act every day to reduce the consumption of energy in their workplace and finally to share their ideas and projects on a forum.

Over the week, almost 9,000 Group employees in 24 countries logged on to the Ecodays website and 50% of those who responded to the survey stated that the campaign had definitely encouraged them to change their work habits and adopt a more responsible behavior towards energy.

3.3.4.2 Assessment and conformity process

The main regulations likely to have an impact on the Rexel Group's activities are set out in paragraph 1.8 "Regulations" of this *Document de Référence*. The Group's business is subject to environmental regulations, particularly European and Canadian regulations. However, it is possible that other countries have adopted environmental regulations that may have an impact on the Group companies' activities in these countries:

– Directive 2002/96/CE of the European Parliament and of the Council of January 27, 2003 concerning the management of Electric and Electronic Equipment Waste (the "WEEE" directive);

– Directive 2002/95/CE of the European Parliament and of the Council of January 27, 2003, known as "RoHS" Directive (Restriction of Hazardous Substances) which prohibits the use of certain substances in electrical and electronic equipment. Directive 2011/65/EU of June 8, 2011 extended the reach of this Directive, specifically its scope, and imposed new obligations on the economic players;

– 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 and the restrictions that apply to these substances. As a European-market distributor of goods that may contain chemical substances affected by this regulation, the Rexel Group is required to provide its clients with the information received from its suppliers in relation to the health and environmental effects of these substances. The primary responsibility lies with the manufacturer of the chemical substance. The Rexel Group could possibly no longer receive certain products if a supplier was forced to cease the use of certain substances. The Group has implemented a process aimed at collecting and providing information in accordance with the REACH regulation.

The Rexel Group may also be subject to specific environmental regulations in the different countries where it operates. For example:

– In 2010, provincial authorities in Canada adopted a regulation on waste electrical and electronic equipment, known as "WEEE", funded by an "eco-contribution" (fixed tax on goods sold). Only a few products distributed by the Rexel Group are affected. Because the cost of this tax is fully transferred to customers, the impact of this regulation is very limited for the Rexel Group;

– in France, a number of the Rexel Group's facilities (in particular, logistical centers) are subject to legislation concerning classified installations for environmental protection (*Installations Classées pour la Protection de l'Environnement* (ICPE)). In this regard, these sites may be subject to a declaration or authorization for operation from the administrative authorities based on the relevant business activity, on its size and level of danger or inconveniencies that it presents. If applicable, the renewals of these declarations or administrative authorizations are subject to a strict follow-up locally; or

– the Rexel Group entities may be subject to local restrictive regulations concerning asbestos, health and safety and the handling of waste or hazardous materials. Materials containing asbestos have been identified in certain buildings. An action plan has been set up so as to conform to applicable laws and regulations. As a vast majority of the premises occupied by the Rexel Group are leased, the Rexel Group seeks to be granted by the owner (who, subject to any particular clause of the leases, is liable for any presence of asbestos in the buildings) any warranty and/or study for declaration of conformity and / or compliance.

3.3.4.3 Environmental risk management and prevention

In its capacity as non-manufacturing distributor, the Rexel Group considers that its activities do not present a significant environmental risk. In the qualitative section of the environmental reporting, the question of environmental incidents is nevertheless referred to in order to follow-up this hypothesis on a yearly basis; in 2011, no entity of the Group reported any incident of this nature. The environmental risks to which the Rexel Group may be exposed are relatively limited and well identified. The nature of the risks incurred is not specific to the Rexel Group and can be found in similar activities.

As of the date of this *Document de Référence*, the Rexel Group has no knowledge of environmental risks the nature of which would significantly affect its activities or its financial situation. The Rexel Group cannot, however, give any assurance that it has been, is or will be, in all circumstances in compliance with such standards or regulations, or that it will not incur significant expenses to comply therewith, which may have an adverse effect on the reputation of the Rexel Group and on its financial results.

3.3.4.4 Expenses incurred to limit the impact of the Rexel Group's activities on the environment

Sites for which certain environmental risks have been identified (including those with fuel storage facilities) comply with the various regulations that apply to them and implement operating processes, quality systems and a set of security measures. The expenses incurred by the Rexel Group to prevent the consequences of its activities on the environment are integrated into the customary investment process of the Rexel Group and have not been identified on a separate basis.

3.3.4.5 Methods for reducing environment risks

Given the profile of the Group, the environmental risk is low, the costs related to the assessment, prevention and processing of environmental risks therefore account for small sums which are incorporated in the investment processes of the Rexel Group and have not been identified on a separate basis.

3.3.4.6 Organization implemented to face pollution accidents with consequences outside of the company's sites

Not applicable.

3.3.4.7 Amount of provisions and guarantees for risks

As of the date of this *Document de Référence*, the Rexel Group has no knowledge of:

– environmental litigation other than as described in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*;

– environmental elements or situations that may have a significant impact on the companies' assets or results of operations; or

– specific environmental issues that may influence the Rexel Group's use of its tangible fixed assets.

In 2011, no provision for environmental risks was recorded in the consolidated financial statements of the Rexel Group.

3.3.4.8 Pending proceedings that are not the subject of a provision

Not applicable.

3.3.4.9 Indemnities paid pursuant to a court decision

In 2011, no significant indemnities were paid pursuant to a court decision with respect to environmental matters or claims filed for the reparation of damages caused to the environment.

3.3.4.10 Asbestos

See paragraph 3.3.4.2 "Assessment and conformity process" of this *Document de Référence*.

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 for the dashboard kept by Rexel's Sustainable Development Department, in order to guide the implementation of this approach to facilitate the sharing of information and the tracking of best practices within the Rexel Group and to comply with external reporting requirements, in particular the regulatory obligations of French law known as the 2001 "NRE" law *(Nouvelles Régulations Économiques)* 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 not contradictory), 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).

The scope of the environmental reporting process is intended to be identical to that used to draw up the financial statements, as defined by the Rexel Group's Finance Department. Only the entities acquired during the financial year were not included in the scope, owing to difficulties in obtaining certain information during the year of acquisition.

In terms of organization within each entity, a contributor is in charge of collecting all data which is then controlled by a validator.

Over the last three years, a secure internet platform has allowed the Rexel Group to streamline and increase the reliability of data collection.

In 2011, the Sustainable Development Department improved the reporting procedures by adding new features to the software and in particular making adjustments to the indicators. All indicators now include questions on the origin of the information and a new theme on "Employee transportation/travels" was included in order to address the requirements of the definition of the CDP Project (Carbon Disclosure Project). The scope of the 2011 indicators has therefore been extended and a new version of the reporting protocol was edited. All country contributors have been trained on this software and have received the Rexel Group's environmental reporting protocol, which defines:

- the objectives of environmental reporting;
- the reporting scope;
- procedures in relation to information collection and reporting;
- the indicators used, so as to ensure correct and homogeneous understanding by all contributors; and
- the calculation formulas used for the calculation of the indicators, such as energy conversion factors.

In 2011, 7 key-indicators were verified externally:

- Consumption of electricity, natural gas and domestic fuel oil;
- Total packaging used;
- Total waste collected in view of recycling;
- GHG emissions (scopes 1 and 2 under the GHG Protocol).

The reported figures for these indicators, which are presented in the summary table (see paragraph 3.3.5.1 "Summary table" of this *Document de Référence*), were thus reviewed by the statutory auditors engaged for the purpose of verifying the 2011 campaign data.

The calculation and analysis of the indicators and of the changes between 2010 and 2011 required several adjustments, which are presented below. Some of the 2010 data was also reprocessed: corrections or methodology changes applied retroactively.

Scope of reporting and Identified Changes

The indicators' scope of coverage corresponds to the ratio of total sales of the entities that reported the relevant indicator to Group sales, excluding entities acquired during the financial year (*i.e.*, the Brazilian entities).

INDICATOR	SCOPE	EXCLUSIONS	COMMENT
Water consumption	98%	China	NA
Energy consumption (electricity, natural gas and domestic fuel oil) and GHG emissions	98%	China	The -11% change for water consumption is partly attributable to a correction of Rexel France's electricity consumption in 2010.
Packaging consumption	90%	China, United Kingdom, Czech republic and Baltic States	The Quantity of purchased wood packaging indicator was added in 2011. It is impossible to draw a comparison with 2010. The reported quantity of purchased cardboard has increased, but this is primarily due to the improved exhaustiveness of data collected, particularly at the level of Rexel France. The "Plastics" indicator includes packaging wrap as well as boxes used for the transportation of goods.
Paper consumption	98%	China and Luxembourg	NA
Waste	76%	China, United States and Luxembourg	The data for 2010 was recalculated without taking into account batteries and WEEE and the covered scope corresponds to the 2010 scope so as to draw a comparison between 2010 and 2011, on a constant basis.

GHG Emission Calculation

In order to comply with article 75 of French law n°2010-788 of July 12, 2010, Rexel decided to provide information on greenhouse gas emissions (rated "GHG" in this note) for scopes 1 and 2.

Scope 1, as defined in article 75, represents direct GHG emissions, "GHG emissions from fixed and mobile greenhouse gas sources owned by the entity". The scope adopted by Rexel also covers leased vehicles.

Scope 2, as defined in article 75, represents indirect energy-related GHG emissions, "GHG emissions from production of electricity, heat or steam, imported and consumed by the entity for the purpose of its activities".

Scope 3, as defined in article 75, represents other indirect GHG emissions, "GHG emissions, other than indirect energy-related GHG emissions, that are a consequence of the activities of a person". The emissions are exempt from the reporting obligation defined in article 75.

This decision has a bearing on the emission factors used by Rexel in 2011 to calculate GHG emissions in connection with the annual publication of environmental information in the document de reference, as information on GHG emissions provided in 2009 and 2010 in relation to the transportation of goods and energy consumption (other than electricity) partly covered scopes 1 and 3.

In order to continue to be in a position to monitor changes in the environmental information in relation to GHG emissions, Rexel's Sustainable Development team decided to recalculate the 2009 and 2010 GHG emissions on the basis of article 75 so as to allow for a comparison to be drawn with 2011 GHG emissions.

Indicator calculation

The indicator is calculated on the basis of energy consumptions and of the transport indicators (emission factors below).

To obtain the most reliable data on the basis of the items effectively monitored within the entities, the Transport indicators reported by the entities were the following:

- either CO_2 emissions calculated on a local level by the entities,
- or fuel consumption,
- or mileages covered.

The data presented includes transportation of goods by Rexel's fleet as well as transportation linked to business travels (own fleet and leased fleet).

It should be reminded that transportation linked to business travels was not reported in 2010, and that it does not include the transportation of Rexel's employees between their home and their place of work.

Emission factors

The emission factors associated with electricity production used in the reporting software are the 2009 factors published by the IEA (International Energy Agency).

The other emission factors are derived from the ADEME's Bilan Carbone v6 methodology.

Total revenues from sales of "Eco-efficient Lighting & Renewable Energy" solutions

In 2011, the Rexel Group's Sustainable Development Department decided to harmonize communication in relation to revenues from sales of "eco-efficient lighting & renewable energy" solutions by using data produced by the "SOGs", exclusively. Because this data has for several years been the subject of quarterly reporting by the entities organized into SOGs, this data is very reliable and represents 81% of revenues from "eco-efficient lighting", 19% of revenues from "wind energy" and 63% of revenues from "photovoltaic energy".

3.3.5.2 Summary table

INDICATOR	UNIT	2011	SALES PERIMETER (VII)	2010	CHANGE
CONSUMPTION					
Water consumption	**m³**	**498,643**	**98%**	**401,974**	**24%**
Energy consumption	**GWh**	**350,375**	**98%**	**351,529**	**0%**
Including:					
Electricity consumption	*GWh*	*175,259*	*98%*	*196,017*	*(11)%*
Gas consumption	*GWh*	*157,710*	*98%*	*142,848*	*10%*
Fuel consumption	*GWh*	*10,677*	*98%*	*12,012*	*(11)%*
Packaging consumption	**Tons**	**7,800**	**90%**	**4,108**	**–**
Including:					
Cardboard	*Tons*	*3,808*	*90%*	*2,293*	*–*
Plastic	*Tons*	*469*	*90%*	*377*	*–*
Wood	*Tons*	*3,090*	*90%*	*–*	*–*
Other packaging	*Tons*	*434*	*90%*	*1,438*	*–*
Paper consumption	**Tons**	**2,481**	**98%**	**2,595**	**(4)%**
Including:					
Commercial paper	*Tons*	*1,303*	*98%*	*1,333*	*(2)%*
Stationary paper and others	*Tons*	*1,224*	*98%*	*1,262*	*(3)%*
WASTE					
Total quantity of waste generated	Tons	20,717	76%	18,676	11%
Total quantity of waste developed	*Tons*	*13,270*	*76%*	*11,104*	*20%*
% of branches implementing WEEE recycling	%	63%	76%	72%	8%
CARBON FOOTPRINT – GHG EMISSIONS					
GHG Emissions – Scope 1					
Energy-related GHG emissions – on-site combustion (gas & fuel oil)	CO_2 eq. tons	34,541	98%	31,918	8%
GHG emissions linked to the transportation of products by the Rexel fleet	CO_2 eq. tons	26,975	98%	34,510	(22)%
GHG emissions linked to business travels by car	CO_2 eq. tons	30,112	98%	–	–
GHG Emissions – Scope 2					
Energy-related GHG emissions – Electricity consumption	CO_2 eq. tons	53,592	98%	65,263	(18)%
SALE OF "ECO-EFFICIENT LIGHTING AND RENEWABLE ENERGY" SOLUTIONS					
Total sales from sale of "Eco-efficient Lighting and Renewable Energy" solutions	**In millions of euros**	**463**	**–**	**402**	**15%**
Sales from eco-efficient lighting solutions	In millions of euros	172	81%	122	41%
Sales from "wind energy" solutions	In millions of euros	84	19%	58	45%
Sales from "photovoltaic solar energy" solutions	In millions of euros	208	63%	222	(6)%

3.4 STATUTORY AUDITOR'S REPORT ON CERTAIN ENVIRONMENTAL AND HUMAN RESOURCES INDICATORS

Free translation of the original French text

Rexel

Year ended December 31, 2011

Statutory auditor's report on certain environmental and human resources indicators

Further to the request that was addressed to us and in our capacity as statutory auditors of Rexel, we have performed a limited assurance engagement on a selection of environmental and human resources indicators (1) for the year ended December 31, 2011 presented in the text included on pages 50 *et seq.* of this reference document and in the table included on page 73 (the "Indicators").

These Indicators were prepared under the responsibility of the management of sustainable development and the management of human resources of Rexel, in accordance with the reporting criteria applicable in 2011 (the Criteria), comprised of the online help text provided in the data collection information system and, for environmental indicators, of the Rexel Group reporting protocol, a summary of which is provided on pages 71 to 73 of this report in section "Methodology Note". It is our responsibility to express a conclusion on these Indicators, on the basis of our review.

Nature and scope of our work

We performed the following work to obtain limited assurance that the Indicators are free of material misstatements. A higher level of assurance would have required more extensive work.

- We have assessed the Criteria with respect to its relevance, completeness, neutrality and understandability.
- At Group level, we have conducted interviews with persons responsible for reporting in order to assess the application of the Criteria. At this level, we have implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the data.
- We have selected a sample of entities spread over four countries (2) that are representative of Rexel activities and of at least one site per entity. At the level of the selected sites and entities, we have verified the understanding and application of the Criteria, and verified, on a test basis, calculations and reconciliation with supporting documents.

On average, our tests covered 31% of the turnover and 20% of total headcount (3).

Information about the Criteria and its application

As regards the Criteria defined by Rexel for the selected data, we wish to make the following comments:

- *Relevance:* the topics addressed by the Criteria cover the key social and environmental stakes of the business sector. The calculated ratios allow the measurement of the performance of the Group and the comparison with companies from the same sector. Some ratios could be subject to quantified targets.
- *Understandability:* the Criteria is available in English and French. Overall, the requested Indicators are defined precisely enough for a consistent understanding within the Group. The following precisions could however be added in order to ensure a better understanding of the Criteria:
  - Clarify the calculation methodologies for indicators related to energy consumption and the quantity of waste collected for recycling purposes in order to ensure that the extrapolations performed in case of data unavailability are relevant.
  - Better take into account the various levels of maturity of local environmental reporting systems by segmenting the Group entities and adapting the expectations to these maturity levels.
  - Clarify the definitions of certain social indicators and adjust them depending on the different local contexts in order to limit risks of misunderstanding.

(1) *7 environmental indicators:* consumption of electricity, natural gas and fuel-oil; CO_2 emissions (scope 1 & 2), total amount of packaging utilized, and total amount of wastes collected to be recycled; *6 human resources indicators:* absence rate, number of departures by reason typology, integration rate (number of employees remaining with the Rexel group three months after their hiring) and stability rate (number of employees remaining with the Rexel group one year after their hiring); % of employees which are less than 25-year old; % of managers which are less than 30-year old; % of postgraduate hired under open-ended contracts.

(2) Gexpro and Rexel Inc. (United States of America); Rexel Austria GmbH (Austria); Elektroskandia Norge AS (Norway) and the network of Suzhou Xidian (China).

(3) Figures given in percentage of consolidated revenues for Rexel group as of December 31, 2011.

Regarding the social and environmental reporting process, we wish to make the following comments:

– *Perimeter:*
  - The Chinese and Brazilian entities are excluded from the reporting perimeter for all of the environmental indicators due to data partially reported. Although these entities currently represent less than 3,5% of total sales of the Group, necessary efforts should be continued in order to allow their future integration in the environmental reporting perimeter.
  - The main contributors (France, United States of America, Canada, United Kingdom, Germany) have carried out a complete reporting, except in the United States of America regarding the Indicator "Total tonnage of wastes collected in view of their recycling", despite an improvement of the reporting process of this data in late 2011.
  - The perimeter of the indicator relating to CO_2 emissions has been modified to catch up with the methodological prescriptions associated with the application of article 75 of the Law *Grenelle II*. Efforts done to obtain information allowing to calculate emissions resulting from shared transport should be continued in order to be able to include these emissions in the reporting perimeter in scope 3 in the future.

– *Reliability:*
  - The consistency of environmental Indicators was reviewed by the Group during the reporting campaign using ratios of consistency and comparison with the value of these Indicators for the preceding financial year. Some errors were thus identified and corrected. However, the quality of audits performed by the managers in charge of validating the data at local level could be strengthened, in particular by specifying the data to be validated and by detailing in the Criteria the internal control procedures applicable locally.
  - The reporting tool gives the possibility to specify data as "not available", which allowed for the last two years an improvement of the recording of data that could previously be considered null. The Group will have to keep on informing the contributors on this feature and on the conditions under which it can be used.
  - The Group should strengthen the analysis of the Indicators and the justification of identified evolutions in order to improve its reliability, to better control its impacts and to monitor its sustainable development performance.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the Indicators were not prepared, in all material respects, in accordance with the Criteria.

Paris-La Défense, February 15, 2012

ERNST & YOUNG Audit
The statutory auditor

Pierre Bourgeois

Assisted by ERNST & YOUNG
Climate Change and Sustainability Services

Eric Mugnier

4 RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE REXEL GROUP

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, 2010 which is included in pages 71 to 83 and the consolidated financial statements which are included in pages 89 to 148 of the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, as supplemented by the update to the *Document de Référence* filed with the AMF on April 28, 2011 under number D.1-0272-A01; and

– the operating and financial review of the Rexel Group for the year ended December 31, 2009 which is included in pages 68 to 84 and the consolidated financial statements which are included in pages 85 to 143 of the *Document de Référence* registered by the *Autorité des marchés financiers* on April 21, 2010, under number R.10-024.

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 values are rounded to the nearest million, except when otherwise stated. Total amounts and sub-totals presented in the activity report are computed in thousands of euros then rounded to the nearest ten millions euros. Thus, numbers and percentages may differ from the numbers and percentages calculated on the basis of the numbers presented, and amounts may not add up precisely.

4.1.1 | Rexel Group overview

The Rexel 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 Rexel Group principally operates in three geographic areas: Europe, North America, and the Asia-Pacific region. This geographic segmentation is based on the Rexel Group's financial reporting structure. The "Other operations" segment includes:

– the electrical equipment distribution business in Latin America (Brazil and Chile, 2% of Group sales);

– the ACE (Agencies/Consumer Electronics) division, whose remaining assets were disposed of in the third quarter of 2011, namely Hagemeyer Brands Australia, a company specialized in the retail distribution of electronic products and domestic appliances in Australia and Kompro B.V., a company specialized in the retail distribution and maintenance of multi-function printers in The Netherlands;

– certain businesses managed at Group level;

– the unallocated corporate overhead expenses.

In 2011, the Rexel Group recorded consolidated sales of €12,717.1 million, of which €7,437.7 million were generated in Europe (59% of sales), €3,692.1 million in North America (29% of sales), €1,278.4 million in the Asia-Pacific region (10% of sales), and €308.9 million from Other Operations (2% of sales).

The Europe zone (59% of Group sales) consists of France (which accounts for approximately 33% of Rexel Group consolidated sales in this zone), 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, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The North America zone (29% of Group sales) consists of the United States and Canada. The United States accounts for approximately 69% of Rexel Group consolidated sales in this zone, and Canada approximately 31%.

The Asia-Pacific region (10% of Group sales) consists of Australia, New Zealand, China and India (since January 1, 2011), as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 60% of Rexel Group consolidated sales in this region and New Zealand approximately 10%.

Other operations (2% of Group sales) mainly consist of the Latin America zone, which contributed €214.9 million of sales in 2011.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on the occasion of purchase price allocations and other income and other expenses (EBITA) separately for each of the three 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 Rexel Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Rexel Group's cash flows are lower in the first and third quarters, because of increased working capital requirements in those periods, while they are relatively higher in the second and fourth quarters.

4.1.3 | Effects of changes in copper price

The Rexel Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 18% of the Rexel 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 competitive environment of markets in which the Rexel Group operates. Changes in copper price have estimated "recurring" and "non-recurring" effects on the Rexel 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 reconstituted (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 Rexel 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

The Rexel 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 Rexel Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Rexel 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 Rexel Group's consolidated results presented below, financial information is also restated to give effect to following adjustments.

Excluding the effects of acquisitions and disposals

The Rexel Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Rexel 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 Rexel 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 Rexel Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Rexel 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 Rexel 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 Rexel 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 Rexel Group neutralizes this effect by proportionally adjusting the comparative sales number 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 Rexel 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 Rexel Group’s accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Rexel Group uses the “EBITA” measure to monitor its performance. EBITA is not 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 million of euros)	2011	2010
Operating income before other income and other expenses	**703.9**	**593.1**
Change in scope effects	–	7.4
Foreign exchange effects	–	4.4
Non-recurring effect related to copper	6.4	(23.3)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	15.7	22.8
Adjusted EBITA on a constant basis	**726.0**	**604.4**

4.2 CONSOLIDATED RESULTS

4.2.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the full year and fourth quarters of 2011 and 2010, in millions of euros and as a percentage of sales.

	YEAR ENDED DECEMBER 31,		
(in million of euros)	2011	2010	Change in %
REPORTED			
Sales	**12,717.1**	**11,960.1**	**6.3%**
Gross profit	3,117.5	2,945.6	5.8%
Distribution and administrative expenses (1)	(2,397.9)	(2,329.7)	2.9%
EBITA	**719.6**	**615.9**	**16.8%**
Amortization (2)	(15.7)	(22.8)	(31.4)%
Operating income before other income and expenses	**703.9**	**593.1**	**18.7%**
Other income and expenses	(107.0)	(107.7)	(1.3)%
Operating income	596.9	485.4	23.0%
Financial expenses	(191.1)	(203.1)	(5.9)%
Share of income from associates	2.8	4.7	(42.0)%
Income taxes	(89.6)	(57.8)	54.8%
Net income	**319.0**	**229.2**	**39.2%**
as a % of sales	*2.5%*	*1.9%*	
(1) Of which depreciation.	(72.5)	(76.1)	(4.7)%

(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.

	YEAR ENDED DECEMBER 31,		
(in million of euros)	2011	2010	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**12,717.1**	**11,992.3**	**6.0%**
Same number of working days			*6.2%*
Gross profit	3,123.9	2,924.8	6.8%
as a % of sales	*24.6%*	*24.4%*	
Distribution and administrative expenses	(2,397.9)	(2,320.4)	3.3%
as a % of sales	*(18.9)%*	*(19.4)%*	
EBITA	**726.0**	**604.4**	**20.1%**
as a % of sales	***5.7%***	***5.0%***	

4

Sales

In 2011, Rexel's consolidated sales grew by 6.3% to €12,717.1 million, up 6.2% on a constant and same number of working days basis, coming from Europe at 5.5%, North America at 8.3% and Asia-Pacific at 5.5%.

The effect of acquisitions, net of disposals, amounted to €51.6 million and resulted from:

- acquisitions amounting to €208.9 million, including Grossauer in Switzerland and Luckywell in China, acquired in December 2010; and Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd, AD Electronics in India and Zhongheng in China, acquired during 2011; and
- divestments amounting to €157.4 million, related to the disposal of the non-core ACE division.

The net effect of changes in foreign exchange rates was negative, down €19.4 million, mainly due to the depreciation of the American dollar against the euro, partially offset by the strengthening against the euro of the Australian dollar, the Swiss franc, and the Swedish krona.

In 2011, the effect of higher copper-based cable prices compared to 2010 accounted for an estimated 1.7 percentage points of the Rexel Group's 6.2% sales growth on a constant and same number of working days basis.

Sales growth 2011 vs. 2010

	SALES GROWTH 2011 COMPARED TO 2010				
	Q1	Q2	Q3	Q4	YEAR
Growth on a constant basis and same number of working days	7.3%	5.1%	7.5%	5.3%	6.2%
Number of working days effect	0.9%	(0.0)%	(0.7)%	(0.9)%	(0.2)%
Growth on a constant basis and actual number of working days (a)	***8.2%***	***5.1%***	***6.8%***	***4.4%***	***6.0%***
Changes in scope effect	0.1%	0.8%	0.5%	0.3%	0.4%
Foreign exchange effect	2.9%	(2.1)%	(1.7)%	0.6%	(0.2)%
Total scope and currency effects (b)	***3.0%***	***(1.4)%***	***(1.2)%***	***0.9%***	***0.3%***
Effective growth (a) x (b) (1)	**11.4%**	**3.6%**	**5.6%**	**5.4%**	**6.3%**

(1) Organic growth compounded by the scope and currency effects.

Gross profit

In 2011, gross profit amounted to €3,117.5 million, an increase of 5.8% as compared to 2010, on a reported basis. On a constant basis, adjusted gross profit increased by 6.8% and adjusted gross margin increased by 20 basis points to 24.6% of sales, mainly coming from better purchasing conditions, both in Europe and Asia-Pacific.

Distribution & administrative expenses

In 2011, on a constant basis, adjusted distribution and administrative expenses increased by 3.3%, as compared to a 6.0% increase in sales. Adjusted personnel costs increased by 4.4%, as a result of higher variable compensation. At December 31, 2011, the number of employees totaled 28,409 (on a full time equivalent basis), in line with December 31, 2010, on a constant basis. Lease and maintenance expenses declined by 2.1% in 2011, on a constant basis, reflecting the effect of branch closures. Other adjusted external expenditures increased by 5.7% on a constant basis, slightly below the percentage increase in sales.

EBITA

In 2011, EBITA stood at €719.6 million, an increase of 16.8% from 2010, on a reported basis. On a constant basis, adjusted EBITA increased by 20.1% and adjusted EBITA margin improved by 70 basis points to 5.7%. This improvement resulted from higher sales and gross margin along with tight control over distribution and administrative expenses.

Other income and expenses

In 2011, other income and expenses represented a net expense of €107.0 million, compared to €107.7 million in 2010, consisting mainly of:

- €87.9 million impairment of goodwill, tangible and intangible assets due to the weaker than expected performance of the following cash-generating units: The Netherlands (€47.2 million), Spain (€20.7 million), Slovenia (€7.6 million) and New Zealand (€4.7 million), and due to €7.0 million of impairment on the assets of Hagemeyer Brands Australia, disposed of in July 2011;

– €39.8 million of costs related to restructuring plans implemented in Europe (€31.2 million, mainly in Spain, in the United Kingdom and in The Netherlands), in North America (€6.3 million) and Asia-Pacific (€1.9 million, mainly in New Zealand);

– €26.1 million of revenues related to the disposal of Hagemeyer Brands Australia and Kompro B.V.;

– €6.4 million of net revenue from the gain on disposals of commercial branch properties, principally in the United States;

– €5.6 million of acquisition costs arising from completed and proposed transactions; and

– €7.2 million of net expenses related to litigation with social security authorities for €4.4 million, to employee claims for €2.0 million and to VAT claims for €0.8 million.

In 2010, other income and expenses had represented a net expense of €107.7 million, consisting mainly of:

– €65.2 million of costs related to the restructuring plans initiated in 2009 to adapt the Rexel Group's structure to market conditions, mainly in Europe for €48.3 million and in North America for €12.6 million;

– €36.6 million of goodwill impairment relating to operations in The Netherlands (€23.5 million), New Zealand (€8.9 million) and Slovenia (€4.2 million);

– €10.6 million loss related to the disposal of H.C.L. Asia and Haagtechno BV; and

– €12.7 million of other income, comprised of a €3.7 million tax indemnification payment from the PPR Group under an indemnity granted to Rexel in 2005, €3.6 million stemming from the reduction of pension liabilities, €2.5 million relating to reversals of restructuring provisions in France, and €2.9 million of proceeds from disposals of building (mainly in Sweden).

Net Financial income / (expense)

In 2011, net financial expense was at €191.1 million, as compared to €203.1 million in 2010, as a result of the decrease of the average indebtedness. The effective interest rate was 7.2% in 2011 and 7.1% in 2010.

Share of profit/(loss) of associates

In 2011, the share of profit of associates was a gain of €2.8 million, related to DPI (US consumer electronics retail distributor), compared to €4.7 million in 2010. The decrease in the share of DPI profit results from lower sales in 2011 as compared to 2010, due to more difficult market conditions in the United States.

Tax expense

The effective tax rate was 22.1% in 2011, compared to 20.5% in 2010. In 2011, the tax rate included the impact of UK tax losses carried forward indefinitely and incurred in previous periods that were recognized for the first time as a result of the Rexel Group's ability to utilize these losses against future taxable profits. In 2010, the effective tax rate included the recognition of non-recurring French tax losses incurred in 2009.

Net income

Net income amounted to €319.0 million in 2011, an increase of 39.2% as compared to €229.2 million in 2010.

4.2.2 | Europe (59% of Rexel Group consolidated sales)

	YEAR ENDED DECEMBER 31,		
(in million of euros)	**2011**	**2010**	**Change in %**
REPORTED			
Sales	**7,437.7**	**6,966.8**	**6.8%**
Gross profit	1,941.0	1,813.6	7.0%
Distribution and administrative expenses	(1,429.9)	(1,367.0)	4.6%
EBITA	**511.2**	**446.5**	**14.5%**
as a % of sales	*6.9%*	*6.4%*	

	YEAR ENDED DECEMBER 31,		
(in million of euros)	**2011**	**2010**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,437.7**	**7,073.4**	**5.2%**
Same number of working days			*5.5%*
Gross profit	1,947.9	1,825.8	6.7%
as a % of sales	*26.2%*	*25.8%*	
Distribution and administrative expenses	(1,430.0)	(1,385.6)	3.2%
as a % of sales	*(19.2)%*	*(19.6)%*	
EBITA	**517.9**	**440.2**	**17.7%**
as a % of sales	***7.0%***	***6.2%***	

In 2011, sales in Europe amounted to €7,437.7 million, an increase of 6.8% from 2010. Acquisitions, net of disposals, accounted for €56.0 million, due to the acquisition of Grossauer in Switzerland. Favorable exchange rate variations accounted for €50.6 million, primarily due to the appreciation of the Swiss franc and the Swedish krona against the euro. On a constant and same number of working days basis, sales improved by 5.5% from 2010.

In France, sales amounted to €2,474.7 million in 2011, up 7.0% from 2010 on a constant and same number of working days basis, driven by demand in the three-end markets, especially with large accounts. The Rexel Group believes that it gained market share during this period.

In the United Kingdom, sales amounted to €953.4 million in 2011, an increase of 8.1% from 2010 on a constant and same number of working days basis. Volumes were higher year-on-year driven by strong project activity and photovoltaic sales. The Rexel Group believes that it outperformed the market during this period.

In Germany, sales amounted to €915.2 million in 2011, an increase by 0.5% from 2010 on a constant and same number of working days basis. Sales growth was primarily affected by the unfavorable base effect of strong photovoltaic sales in 2010, that had been boosted by tax incentives in force until mid-year. Excluding photovoltaic, sales were up 6.8% due to strong industrial end-market activity, especially in machines building, chemical and automotive industries.

In Scandinavia sales amounted to €924.6 million in 2011, a rise of 6.8% from 2010 on a constant and the same number of working days basis. This increase in sales was driven by contractors and utilities. A 12.0% increase was recorded in the operations in Finland whereas the operations in Sweden and Norway posted a 5.4% and 5.2% increase, respectively.

In Southern Europe, sales amounted to €440.0 million in 2011 (6% of sales in Europe), decreasing by 7.3% from 2010 on a constant and same number of working days basis, largely due to the deterioration of the macro-economic environment in Spain the latter having posted a 11.2% decrease in sales on a constant and same number of working days basis.

In 2011, Europe recorded a gross profit of €1,941.0 million, an increase of 7.0% from 2010, on a reported basis. On a constant basis, adjusted gross profit increased by 6.7% and adjusted gross margin was 26.2% of sales, an improvement of 40 basis points from 2010, mainly due to better purchasing terms, notably in the fourth quarter.

On a constant basis, adjusted distribution and administrative expenses increased by 3.2% in 2011 as compared to a 5.2% increase in sales. In 2011, adjusted personnel costs increased by 3.7% from 2010. The workforce in Europe included 16,661 employees, stable compared to December 31, 2010. Lease and maintenance expenses decreased by 3.5% as compared to 2010 due to the rationalization of the branch network.

In 2011, EBITA amounted to €511.2 million, a 14.5% increase from 2010, on a reported basis. On a constant basis, adjusted EBITA increased by 17.7% while the adjusted EBITA margin increased by 80 basis points to 7.0% of sales.

4.2.3 | North America (29% of Rexel Group consolidated sales)

(in million of euros)	YEAR ENDED DECEMBER 31, 2011	2010	Change in %
REPORTED			
Sales	**3,692.1**	**3,530.8**	**4.6%**
Gross profit	789.0	769.0	2.6%
Distribution and administrative expenses	(625.3)	(645.9)	(3.2)%
EBITA	**163.7**	**123.1**	**33.0%**
as a % of sales	*4.4%*	*3.5%*	

(in million of euros)	YEAR ENDED DECEMBER 31, 2011	2010	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**3,692.1**	**3,404.6**	**8.4%**
Same number of working days			*8.3%*
Gross profit	789.0	735.9	7.2%
as a % of sales	*21.4%*	*21.6%*	
Distribution and administrative expenses	(625.2)	(620.8)	0.7%
as a % of sales	*(16.9)%*	*(18.2)%*	
EBITA	**163.9**	**115.2**	**42.3%**
as a % of sales	***4.4%***	***3.4%***	

In 2011, sales in North America amounted to €3,692.1 million, up 4.6% compared to 2010. This increase is despite an unfavorable exchange rate impact of €126.2 million mainly due to the depreciation of the US dollar against the euro during the period. On a constant and same number of working days basis, sales increased by 8.3% in 2011 compared to 2010.

In the United States, sales amounted to €2,529.7 million in 2011, an increase of 6.9% from 2010 on a constant and same number of working days basis. This growth was driven by the industrial end-market, mainly in the energy and mining segments. Residential and commercial saw progressive signs of improvements during the year.

In Canada, sales amounted to €1,162.4 million in 2011, up by 11.4% from 2010 on a constant and same number of working days basis. Sales were strong in the industrial end-market, particularly in mining and oil & gas with high oil prices driving capital investment, as well as telecommunications and renewable energies. The Rexel Group believes that it outperformed the market during this period.

In 2011, gross profit amounted to €789.0 million, an increase of 2.6% from 2010, on a reported basis. On a constant basis, adjusted gross profit increased by 7.2% and adjusted gross margin declined by 20 basis points compared with 2010 to 21.4% of sales. This decrease results from a higher percentage of lower-margin direct sales.

Despite the 8.4% increase in sales on a constant basis, adjusted distribution and administrative expenses remained largely stable. Adjusted personnel costs increased by 1.8% from 2010. The workforce was 7,293 employees as of December 31, 2011, stable compared with December 2010. Lease expenses decreased by 1.6% in 2011, reflecting the benefits of the reorganization of the branch network in 2010.

In 2011, EBITA rose to €163.7 million, an increase of 33.0% from 2010, on a reported basis. On a constant basis, adjusted EBITA rose by 42.3% from 2010 and the adjusted EBITA margin increased by 100 basis points to 4.4% of sales.

4.2.4 | Asia-Pacific (10% of Rexel Group consolidated sales)

	YEAR ENDED DECEMBER 31,		
(in million of euros)	2011	2010	Change in %
REPORTED			
Sales	**1,278.4**	**1,116.3**	**14.5%**
Gross profit	279.8	242.9	15.2%
Distribution and administrative expenses	(202.0)	(179.2)	12.8%
EBITA	**77.8**	**63.7**	**22.0%**
as a % of sales	*6.1%*	*5.7%*	

	YEAR ENDED DECEMBER 31,		
(in million of euros)	2011	2010	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,278.4**	**1,216.0**	**5.1%**
Same number of working days			*5.5%*
Gross profit	279.7	260.5	7.4%
as a % of sales	*21.9%*	*21.4%*	
Distribution and administrative expenses	(202.0)	(191.8)	5.3%
as a % of sales	*(15.8)%*	*(15.8)%*	
EBITA	**77.6**	**68.7**	**13.0%**
as a % of sales	***6.1%***	***5.6%***	

In 2011, sales in the Asia-Pacific region amounted to €1,278.4 million, up 14.5% from 2010. The acquisitions of Chinese and Indian entities contributed €48.6 million to the increase, with a further €51.2 million from favorable exchange rate effects, primarily due to the appreciation of the Australian dollar against the euro. On a constant and same number of working days basis, sales increased by 5.5% in 2011.

Australia recorded a 1.5% increase in sales to €766.8 million from 2010, on a constant and same number of working days basis.

New Zealand recorded sales of €134.1 million in 2011, a decrease of 3.2% on a constant and same number of working days basis, from 2010. Sales have been affected by branch reorganization (14 branches closed in 2011) and by the successive earthquakes in Christchurch that delayed reconstruction work.

In Asia (China, India and South-East Asia), sales amounted to €377.0 million in 2011, up 18.6% from 2010, on a constant and same number of working days basis. Rexel posted a strong performance in the industrial automation segment.

In 2011, gross profit increased by 15.2% to €279.8 million on a reported basis, mainly driven by favorable exchange rates on the Australian dollar against the euro and acquisitions. On a constant basis the adjusted gross profit increased by 7.4% from 2010 and adjusted gross margin was 21.9% of sales, an increase of 50 basis points from 2010, as a result of the optimization of purchase conditions and a lower mix on projects lower gross margin.

On a constant basis, adjusted distribution and administrative expenses increased by 5.3% from 2010, while sales increased by 5.1%. Adjusted personnel costs increased by 5.9%. The workforce rose by 3.6% from December 31, 2010, to 2,926 employees at December 31, 2011. The increase is mainly located in China, where headcount rose by 18.7%, resulting from the development of sales force in automation.

In 2011, EBITA amounted to €77.8 in 2011, up to 22.0% from 2010, on a reported basis. On a constant basis, adjusted EBITA increased by 13.0% from 2010. Adjusted EBITA margin increased by 50 basis points to 6.1% of sales.

4.2.5 | Other operations (2% of Rexel Group consolidated sales)

	YEAR ENDED DECEMBER 31,		
(in million of euros)	**2011**	**2010**	**Change in %**
REPORTED			
Sales	**308.9**	**346.2**	**(10.8)%**
Gross profit	107.7	120.1	(10.3)%
Distribution and administrative expenses	(140.7)	(137.6)	2.3%
EBITA	**(33.0)**	**(17.4)**	**89.4%**
as a % of sales	*(10.7)%*	*(5.0)%*	

	YEAR ENDED DECEMBER 31,		
(in million of euros)	**2011**	**2010**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**308.9**	**298.3**	**3.5%**
Same number of working days			*3.0%*
Gross profit	107.3	102.6	4.6%
as a % of sales	*34.7%*	*34.4%*	
Distribution and administrative expenses	(140.7)	(122.3)	15.1%
as a % of sales	*(45.6)%*	*(41.0)%*	
EBITA	**(33.4)**	**(19.7)**	**70.2%**
as a % of sales	***(10.8)%***	***(6.6)%***	

In 2011, sales from Other operations were €308.9 million, showing a decrease of 10.8% as compared to 2010. This decrease resulted mainly from the €53.0 million net negative impact on sales from acquisitions and disposals, consisting of:

- €157.4 million decrease related to the disposal of the non-core ACE division,

– €104.4 million increase related to the acquisition of Nortel in Brazil.

The positive effect of exchange rate differences was €5.1 million.

In 2011, on constant and same number of working days basis, sales increased by 3.0% compared to 2010.

In Latin America (1.7 % of group sales), sales amounted to €214.9 million. On a constant and same number of working days basis, they were up 16.0% due to the strong performance in Brazil (increase of 12.5%, driven by large accounts), and Chile (increase of 20.7%, driven by mining projects).

Agencies/Consumer Electronics division (0.5% of group sales), posted a decline in sales of 27.4% on a constant and same number of working days basis compared with 2010 and was fully disposed of at the end of September 2011.

On a constant basis, the decrease in EBITA was linked to both a lower contribution from ACE activities, as well as higher employee profit sharing charge due to the increase in Group performance.

4.3 CASH FLOW STATEMENT

		YEAR ENDED DECEMBER 31,		
(in million of euros)		2011	2010	Change in value
Operating cash flow [1]		**739.3**	**580.2**	**159.1**
Interest	(a)	(155.4)	(160.7)	5.3
Taxes	(a)	(85.9)	(36.9)	(49.0)
Change in working capital requirements		(69.9)	42.0	(111.9)
Net cash flow from operating activities	**(b)**	**428.1**	**424.6**	**3.5**
Net cash flow from investing activities		(124.1)	(106.8)	(17.3)
Including operating capital expenditures [2]	*(c)*	*(68.4)*	*(52.4)*	*(16.0)*
Net cash flow from financing activities		(158.1)	(332.4)	174.3
Net cash flow		**145.9**	**(14.6)**	**160.5**
Free cash flow:				
– before interest and taxes (b) – (a) + (c)		**601.0**	**569.8**	**31.2**
– after interest and taxes (b) + (c)		**359.7**	**372.2**	**(12.5)**

	DECEMBER 31,	
WCR as a % of sales [3] at:	**2011**	**2010**
Reported financial data	9.7%	9.9%
Financial data on a constant basis	10.3%	10.6%

(1) Before interest, taxes and change in working capital requirements.
(2) Net of disposals.
(3) Working capital requirements, end of period, divided by prior 12-month sales.

4.3.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an inflow of €428.1 million in 2011 compared to €424.6 million in 2010.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €580.2 million in 2010 to €739.3 million in 2011. This increase was mainly due to the EBITA growth of €103.7 million from €615.9 million in 2010 to €719.6 million in 2011 and the lower level of other expenses, affected as at December 31, 2010 by a non-recurring charge (settlement of the Ceteco claim), of €29.8 million incurred in 2010.

Interest and taxes

Interest paid in 2011 totaled €155.4 million compared with €160.7 million in 2010 due to a reduced principal amount.

In 2011, €85.9 million was paid in income tax compared to €36.9 million paid in 2010, mainly from higher taxable income resulting from an increase in the level of activity. Income tax paid is lower than income tax expense in both years due to the utilization of tax losses carried forward.

Change in working capital requirements

Changes in working capital requirements amounted to a net outflow of €69.9 million in 2011 compared with an inflow of €42.0 million in the same period of 2010. The increase in working capital requirements mainly resulted from the growth in sales.

As a percentage of sales over the previous 12 months, working capital requirements amounted to 9.7% at December 31, 2011, on a reported basis, compared to 9.9% at December 31, 2010.

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 €124.4 million outflow in 2011, as compared to an outflow of €106.8 million in 2010.

	YEAR ENDED DECEMBER 31,	
(in million of euros)	**2011**	**2010**
Acquisitions of operating fixed assets	(98.2)	(57.5)
Gain/(loss) on disposal of operating fixed assets	26.4	7.0
Net change in debts and receivables on fixed assets	3.4	(1.9)
Net cash flow from operating investing activities	**(68.4)**	**(52.4)**
Acquisitions of financial fixed assets	(100.5)	(67.3)
Gain/(loss) on disposal of financial fixed assets	44.8	13.3
Dividends received from equity associates	0.6	1.4
Net cash flow from financial investing activities	**(55.1)**	**(52.6)**
Net change in long-term investments	**(0.6)**	**(1.8)**
Net cash flow from investing activities	**(124.1)**	**(106.8)**

Acquisitions and disposals of fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €68.4 million in 2011, compared to €52.4 million outflow in 2010.

In 2011, gross capital expenditures amounted to €98.2 million, *i.e.* 0.8% of sales for the period, of which €44.6 million related to IT systems, €36.3 million to branch acquisition and renovation, €12.2 million to logistics and €5.1 million to other investments. Disposals of fixed assets in 2011 amounted to €26.4 million, mainly related to the disposal of a non-strategic business in Australia. Net changes in the related payables and receivables amounted to €3.4 million, accounting for a decrease in net capital expenditures for the period.

In 2010, gross capital expenditures amounted to €57.5 million, *i.e.* 0.5% of sales over the period, of which €25.0 million on IT systems, €16.8 million on opening/renovation of branches, €11.6 million on logistics and €4.1 million on other investments. In 2010, disposals of fixed assets amounted to €7.0 million, and related mainly to sales of buildings in Sweden, Latvia and Italy. Net change in the related payables and receivables was €1.9 million, increasing net capital expenditures over the period in the same amount.

Financial investments

Financial investments amounted to a net outflow of €55.1 million in 2011 compared to a net outflow of €52.6 million in 2010.

In 2011, the acquisitions net of cash of acquired entities resulted in was an outflow of €100.5 million. These investments include Nortel Suprimentos Industriais and Delamano in Brazil, Yantra Automation Private Ltd and AD Electronics in India, Wuhan Rockcenter Automation and Beijing Zongheng in China, Eurodis in France and Tegro in Germany. Furthermore, the consolidation of Grossauer ElektroHandels as of January 1, 2011 resulted in an inflow related to the company's existing cash at that date.

Gain on disposal of financial fixed assets amounted to €44.8 million in 2011 and mainly related to the Hagemeyer Brand Australia (HBA) and Kompro B.V. disposals.

In 2010, inflows covered the disposals of HCL Asia and Haagtechno B.V. for €3.4 million, and €10.2 million net of cash disposed. Outflows mainly included the acquisition of Grossauer in Switzerland for €64.1 million. Earn-outs and price adjustments on prior acquisitions represented a net total of €1.1 million. Dividends received from DPI totaled €1.4 million, accounted for on an equity basis.

4.3.3 | Cash flow from financing activities

Cash flow from financing activities included changes in indebtedness, share capital issuances and payment of dividends.

In 2011, cash flow from financing activities reflected additional net outflows of €158.1 million, resulting principally from:

– repayment of drawings under the 2009 Senior Credit Agreement amounting to €695.9 million,

– buy-back of notes issued in May 2011 for €11.3 million,

– a decrease in assigned receivables with respect to securitization programs of €5.0 million and new transaction costs relating to the new securization program of €3.2 million,

– a dividend distribution in cash in respect of the 2010 fiscal year of €19.2 million, and

– net acquisition of treasury shares of €30.8 million.

Inflows were comprised of:

– a bond issue in May 2011 of €492.8 million net of transaction costs,

– other variations in credit lines amounting to €94.4 million, primarily consisting of the issue of commercial paper (for an €47.8 million increase in commercial paper),

– €16.6 million from new leasing transactions, and

– a capital increase in cash of €2.4 million.

In 2010, financing activities represented a net outflow of €332.5 million. Outflows included:

– a reduction of the maximum commitment under the 2009 Senior Credit Agreement by €407.8 million,

– a reduction in securitization programs bearing on trade receivables by €34.3 million,

– changes in other credit facilities in the amount of €24.4 million,

– payments related to finance lease liabilities in the amount of €5.2 million, and

– transaction costs paid in connection with Group refinancing in the amount of €5.0 million.

Inflows in 2010 included:

– issuance of additional senior unsecured bonds in the amount of €75.0 million (€76.7 million including the issuance premium),

– issuance of treasury notes in the amount of €56.9 million, and

– proceeds from share capital increase related to the exercise of stock-options and to an employee share purchase plan for an aggregate amount of €9.7 million.

4.4 SOURCES OF FINANCING

In addition to the cash from operations and equity, the Rexel Group's main sources of financing are multilateral credit facilities, bond issuance and securitization programs.

At December 31, 2011, the Rexel Group's consolidated net debt amounted to €2,078.2 million, broken down as follows:

	DECEMBER 31,					
	2011			2010		
(in million of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,181.4	1,181.4	–	669.5	669.5
Senior credit facilities	–	30.6	30.6	–	761.5	761.5
Securitization	105.9,	973.5	1,079.4	–	1,067.6	1,067.6
Bank loans	39.7	8.1	47.8	6.6	1.9	8.5
Commercial paper	104.8	–	104.8	56.9	–	56.9
Bank overdrafts and other credit facilities	86.0	–	86.0	66.6	–	66.6
Finance lease obligations	6.8	22.9	29.7	5.7	7.2	12.9
Accrued interest (1)	10.0	–	10.0	5.2	–	5.2
Less transaction costs	(19.8)	(33.9)	(53.7)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	***333.5***	***2,182.6***	***2,516.0***	***122.0***	***2,463.5***	***2,585.5***
Cash and cash equivalents			(413.7)			(311.9)
Fair value hedge derivatives			(24.1)			(0.3)
Net financial debt			**2,078.2**			**2,273.3**

(1) Of which accrued interest on Senior Notes in the amount of €3.5 million at December 31, 2011 (€2.5 million at December 31, 2010).

The components of the net financial debt are described in detail in note 19 of Rexel's consolidated financial statements at December 31, 2010, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

At December 31, 2011, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, **2011**		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long term debt	Ba3	BB	BB-
Outlook	Stable	Stable	Positive
Short term debt	NP	B	B

Such ratings as at December 31, 2010 had been as follows:

	DECEMBER 31, 2010		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long term debt	B1	BB-	BB-
Outlook	Stable	Stable	Stable
Short term debt	NP	B	B

On March 8, 2011, Moody's upgraded the rating of Rexel's long-term debt from B1 to Ba3.

On November 10, 2011, Standard & Poor's raised its long-term corporate credit rating to BB- from BB due to Rexel's strong credit metrics demonstrated in 2011.

On February 10, 2012, Fitch Ratings raised its long-term corporate credit from BB- to BB due to Rexel's strong credit metrics demonstrated in 2011, with stable outlook.

Finally, on February 24, 2012, Moody's upgraded the rating of Rexel's long-term debt from Ba3 to Ba2, with stable outlook.

Other Rexel Group commitments are detailed in note 22 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2011, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

4.5 TRENDS, TARGETS AND FORECASTS

4.5.1 | Business trends

In 2011, Rexel generated strong organic growth (on a constant basis and at the same number of days) of 6.2%, of which 1.7 percentage point was due to the rise in copper-based cable prices. The 4.5% organic growth, excluding the impact of copper, outpaced the weighted average Gross Domestic Product (GDP) growth of the countries in which the Rexel Group operates, confirming Rexel's ability to generate organic growth above GDP growth, driven by value-added services and energy efficiency.

The table below sets out the quarterly evolution of the turnover between the financial years 2010 and 2011 on a constant and same number of days basis:

2011 ORGANIC GROWTH COMPARED TO 2010	Q1	Q2	Q3	Q4	TOTAL
Rexel Group	7.3%	5.1%	7.5%	5.3%	6.2%
of which Europe	*6.0%*	*5.1%*	*6.5%*	*4.5%*	*5.5%*
of which North America	*10.4%*	*5.7%*	*9.8%*	*7.4%*	*8.3%*
of which Asia-Pacific	*8.1%*	*5.3%*	*7.3%*	*1.7%*	*5.5%*

Under the current macroeconomic forecasts regarding these regions, Rexel believes:

- that business should be somewhat stable in Europe, with a slight growth in Northern European countries compensating the continuing recession expected in Southern European countries,
- that business in North America should be sustained, with a growth of a few points,
- that business in emerging countries (Asia and Latin America) should remain sustained and higher than in North America,
- that the activity in the Pacific, which decreased over the second half of 2011, should gradually recover during the year.

4.5.2 | Outlook of the Rexel Group

The objectives and estimates presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by the 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" 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 will be met.

4.5.2.1 Rexel Group 2011 outlook and estimates

In the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, Rexel had announced that its three priorities in 2011 were:

- **Strengthening its competitive positions thanks to organic growth and the acquisitions**

  Rexel forecasted a continued growth of its sales in 2011, resulting both from organic and external growth.

  In markets that have continued to improve progressively over the year, Rexel targeted a growth in volumes that supported organic growth.

  In addition, Rexel continued to carry out external growth transactions. Acquisitions that had already been announced in December 2010 (Switzerland) and January 2011 (Brazil, India and China) represented annual sales of approximately €200 million.

- **Increasing its profitability and optimizing its capital employed in order to achieve its medium-term objectives of an EBITA margin close to 6.5% and of a return on capital employed (ROCE) close to 14%**

  Through a continued optimization of its gross margin and a strict control of its costs, Rexel targeted an improvement of its profitability of approximately 50 basis points in 2011 and initially confirmed its medium-term objective of an EBITA margin close to 6.5%. Added to the optimization of capital employed, this increase in profitability was forecast to allow Rexel to achieve its medium-term objectives of a return on capital employed (ROCE) close to 14%.

  At the time its first half 2011 results were published, Rexel revised this objective upwards, with an expected rise in the EBITDA margin by at least 50 base points in 2011 compared to the 5.0% reached in 2010.

– **Generating solid cash flow**

Rexel's outlook was that it expected to generate in 2011 over €500 million in free cash flow before interest and taxes, principally through its strict management of its working capital (including in a context of a return to increasing volumes) and low capital intensity.

On the basis of Rexel's consolidated financial statements for the financial year ended December 31, 2011, adjusted EBITA margin stood at 5.7 % and free cash flow before interest and taxes stood at €601.0 million. Rexel's results thus exceeded its forecasts.

4.5.2.2 Rexel Group 2012 outlook and estimates

In the prevailing uncertain economic context, Rexel remains confident that organic growth excluding the impact of copper in 2012 should continue to outperform the weighted average GDP growth of the regions in which the Group operates.

In this context, Rexel should also in 2012:

– At least maintain its Adjusted EBITA margin at the same level as the 5.7% reached in 2011,
– Generate free cash-flow before interest and tax of around €600 million.

4.5.2.3 Rexel Group medium-term outlook

Rexel confirms its medium-term strategic priorities:

– Strengthen its competitive positions through organic growth and acquisitions;
– Enhance its profitability and optimize capital employed to achieve an Adjusted EBITA margin of close to 6.5% and a return on capital employed close to 14%,
– Generate a solid free cash flow.

4.6 SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR COMMERCIAL POSITION

Since December 31, 2011, Rexel acquired the companies as described in paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*.

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, 2011.

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5 CONSOLIDATED FINANCIAL STATEMENTS

5

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, 2010 set out on pages 89 to 148 of the *Document de Référence* for the financial year ended December 31, 2010 filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, as supplemented by the update to the *Document de Référence* filed with the *Autorité des marchés financiers* on April 28, 2011 under number D.11-0272-A01; and

– the consolidated financial statements and the audit report for the financial year ended December 31, 2009 set out on pages 85 to 143 of the *Document de Référence* for the financial year ended December 31, 2009 registered by the AMF on April 21, 2010 under number R.10-024.

5.1 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011

Consolidated income statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2011	2010
Sales	4	12,717.1	11,960.1
Cost of goods sold		(9,599.6)	(9,014.5)
Gross profit		**3,117.5**	**2,945.6**
Distribution and administrative expenses	5	(2,413.6)	(2,352.5)
Operating result before other income and expenses		**703.9**	**593.1**
Other income	7	39.6	16.1
Other expenses	7	(146.6)	(123.8)
Operating result		**596.9**	**485.4**
Financial income		54.5	49.3
Interest expense on borrowings		(183.2)	(189.8)
Other financial expenses		(62.4)	(62.6)
Net financial loss	*8*	*(191.1)*	*(203.1)*
Share of profit / (loss) of associates	10.4	2.8	4.7
Net income before income tax		**408.6**	**287.0**
Income tax	9	(89.6)	(57.8)
Net income		**319.0**	**229.2**
Portion attributable:			
to the Group		318.3	228.5
to non-controlling interests		0.7	0.7
Earnings per share:			
Basic earnings per share (in euros)	16	1.20	0.87
Fully diluted earnings per share (in euros)	16	1.18	0.86

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
Net income	**319.0**	**229.2**
Foreign currency translation	6.0	154.8
Income tax	4.0	8.1
Sub-total	**10.0**	**162.9**
Gain (Loss) on cash flow hedges	20.4	17.7
Income tax	(6.9)	(7.9)
Sub-total	**13.5**	**9.8**
Other comprehensive income/(loss) for the period, net of tax	*23.5*	*172.7*
Total comprehensive income for the period, net of tax	**342.5**	**401.9**
Portion attributable:		
to the Group	340.9	400.4
to non-controlling interests	1.6	1.5

The accompanying notes are an integral part of these consolidated financial statements.

5

Consolidated balance sheet

(in millions of euros)	NOTE	AS OF DECEMBER 31, 2011	2010
ASSETS			
Goodwill	10.1	4,002.2	3,931.2
Intangible assets	10.1	935.7	934.4
Property, plant and equipment	10.2	261.7	245.4
Long-term investments	10.3	122.5	132.1
Investments in associates	10.4	11.8	9.3
Deferred tax assets	9.2	144.3	138.6
Total non-current assets		**5,478.2**	**5,391.0**
Inventories	11.1	1,240.8	1,203.1
Trade accounts receivable	11.2	2,122.9	2,022.0
Current tax assets		21.0	29.7
Other accounts receivable	11.3	455.2	406.4
Assets held for sale		3.7	23.1
Cash and cash equivalents	12	413.7	311.9
Total current assets		**4,257.3**	**3,996.2**
Total assets		**9,735.5**	**9,387.2**
EQUITY			
Share capital	14	1,344.1	1,301.0
Share premium	14	1,412.2	1,383.7
Reserves and retained earnings		1,383.0	1,140.4
Total equity attributable to equity holders of the parent		**4,139.3**	**3,825.1**
Non-controlling interests		11.5	9.3
Total equity		**4,150.8**	**3,834.4**
LIABILITIES			
Interest bearing debt (non-current part)	19	2,182.3	2,463.5
Employee benefits	18	166.2	174.4
Deferred tax liabilities	9.2	132.9	144.5
Provision and other non-current liabilities	17	157.6	156.3
Total non-current liabilities		**2,639.0**	**2,938.7**
Interest bearing debt (current part)	19	323.5	116.8
Accrued interest	19	10.0	5.2
Trade accounts payable		1,903.3	1,866.2
Income tax payable		56.0	39.8
Other current liabilities	21	652.9	584.1
Liabilities related to assets held for sale		–	2.0
Total current liabilities		**2,945.7**	**2,614.1**
Total liabilities		**5,584.7**	**5,552.8**
Total equity and liabilities		**9,735.5**	**9,387.2**

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, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		596.9	485.4
Depreciation, amortization and impairment of assets	5 - 7	176.1	139.8
Employee benefits		(19.8)	(15.5)
Change in other provisions		1.7	(47.6)
Other non-cash operating items		(15.6)	18.1
Interest paid		(155.4)	(160.7)
Income tax paid		(85.9)	(36.9)
Operating cash flows before change in working capital requirements		**498.0**	**382.6**
Change in inventories		(27.5)	(26.6)
Change in trade receivables		(68.4)	(48.8)
Change in trade payables		12.9	121.6
Changes in other working capital items		13.1	(4.2)
Change in working capital requirements		**(69.9)**	**42.0**
Net cash from operating activities		**428.1**	**424.6**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(94.8)	(59.4)
Proceeds from disposal of property, plant and equipment		26.4	7.0
Acquisition of subsidiaries, net of cash acquired	3.1	(100.5)	(67.3)
Proceeds from disposal of subsidiaries, net of cash		44.8	13.3
Change in long-term investments		(0.6)	(1.8)
Dividends received from associates		0.6	1.4
Net cash from investing activities		**(124.1)**	**(106.8)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase	14	2.4	9.7
Contribution received from minority shareholders		0.8	-
Disposal / (Purchase) of treasury shares		(30.8)	1.1
Net change in credit facilities and other financial borrowings	19.2	(122.8)	(303.6)
Net change in securitization	19.2	(5.0)	(34.3)
Net change in finance lease liabilities	19.2	16.5	(5.2)
Dividends paid	14	(19.2)	(0.1)
Net cash from financing activities		**(158.1)**	**(332.4)**
Net (decrease) / increase in cash and cash equivalents		**145.9**	**(14.6)**
Cash and cash equivalents at the beginning of the period	12	311.9	359.6
Effect of exchange rate changes on cash and cash equivalents		(44.1)	(33.1)
Cash and cash equivalents at the end of the period	**12**	**413.7**	**311.9**

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	TOTAL ATTRIBUTABLE TO THE GROUP	NON-CONTROLLING INTERESTS	TOTAL
FOR THE YEAR ENDED DECEMBER 31, 2010									
At January 1, 2010		**1,291.1**	**1,392.2**	**789.2**	**(39.2)**	**(29.1)**	**3,404.2**	**7.8**	**3,412.0**
Net income		–	–	228.5	–	–	228.5	0.7	229.2
Other comprehensive income		–	–	–	162.1	9.8	171.9	0.8	172.7
Total comprehensive income for the period		**–**	**–**	**228.5**	**162.1**	**9.8**	**400.4**	**1.5**	**401.9**
Share capital increase	14	9.9	(8.5)	8.9	–	–	10.3	–	10.3
Share based payment	14	–	–	9.8	–	–	9.8	–	9.8
Disposal (Purchase) of treasury shares		–	–	0.4	–	–	0.4	–	0.4
At December 31, 2010		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**3,825.1**	**9.3**	**3,834.4**
FOR THE YEAR ENDED DECEMBER 31, 2011									
At January 1, 2011		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**3,825.1**	**9.3**	**3,834.4**
Net income		–	–	318.3	–	–	318.3	0.7	319.0
Other comprehensive income		–	–	–	9.1	13.5	22.6	0.9	23.5
Total comprehensive income for the period		**–**	**–**	**318.3**	**9.1**	**13.5**	**340.9**	**1.6**	**342.5**
Dividends paid	14	–	–	(105.2)	–	–	(105.2)	(0.2)	(105.4)
Share capital increase	14	43.1	28.5	17.0	–	–	88.6	0.8	89.4
Share-based payments (1)		–	–	19.6	–	–	19.6	–	19.6
Disposal (Purchase) of treasury shares		–	–	(29.7)	–	–	(29.7)	–	(29.7)
At December 31, 2011		**1,344.1**	**1,412.2**	**1,256.8**	**132.0**	**(5.8)**	**4,139.3**	**11.5**	**4,150.8**

(1) Of which €17.2 million free shares expense (see note 12) and €2.4 million relating to the tax effect of free shares granted in the United States.

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) and Asia-Pacific (mainly in Australia, New Zealand and China).

These consolidated financial statements cover the period from January 1 to December 31, 2011, and were authorized for issue by the Management Board on February 2, 2012.

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, 2011 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 and mandatory as at December 31, 2011.

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 as at December 31, 2011 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 18).
- Provisions and contingent liabilities (notes 2.16, 17, and 24).
- Measurement of financial instruments (notes 2.10.4 and 20).
- Recognition of deferred tax assets (notes 2.20 and 9).
- Measurement of share-based payments (notes 2.15 and 15).

2.2.1 New accounting standards and interpretations in effect starting from 2011

Since January 1, 2011, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union, but their application had no effect on the Group's financial statements:

- Amendment to IAS 32 "Financial Instruments: Presentation – Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.
- The revised version of IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity.

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– IFRIC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" addresses the accounting treatment where the terms of a financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such financial liability.

– The amendment to IFRIC Interpretation 14 "Prepayments of a Minimum Funding Requirement" permits entities subject to minimum funding requirements and which make early payments of contributions to treat the benefit of such early payment as an asset.

– Improvements issued in May 2010 clarify or introduce small changes to several standards and interpretations.

2.2.2 New accounting standards and interpretations approved by the European Union with effect in future periods

Amendment to IFRS 7 "Transfers of Financial Assets" increases the required disclosures on the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The application of this amendment will be mandatory for fiscal years starting after June 30, 2011.

2.2.3 Accounting standards and interpretations issued by IASB but not yet approved by the European Union

In 2011, IASB issued new standards. Their potential impact is currently under review by the Group:

– Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" improves the consistency and clarity of the presentation of items of other comprehensive income (OCI). It requires to present the items that have to be reclassified to profit and loss separately. When items of OCI are presented before tax, tax effect must split on the same basis.

– 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 currently 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.

– IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value 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.

– The amendment to IAS 19 "Employee Benefits":

- eliminates the option to defer the recognition of actuarial gains and losses, under the "corridor method",
- removes the concept of expected returns on plan assets,
- changes the recognition method of past service costs which are no longer expensed on a straight-line basis over the average period until the benefits become vested,
- updates the presentation of changes in assets and liabilities arising from defined benefit plans, including a requirement to present the remeasurements in other comprehensive income (OCI), and
- increases the disclosure requirements for defined benefit plans, including the disclosure of information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

– Following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised:

- 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.

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, 2011. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, present and potential exercisable 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 period corresponding 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 in 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.

– Derecognizes the foreign currency translation recorded in equity.

– 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.

– 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 where 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 euros 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 equity. 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 0.8% 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.

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 *pro rata* 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 equity 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 estimates

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 7.

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 techniques. 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 7.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 13) and the summary of financial liabilities (note 21).

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 directly in the cash flow hedge reserve. 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 equity 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 directly in equity 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 equity 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 equity 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 in equity is recognized immediately in 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

Group companies operate various pension schemes. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Pension and other long-term benefits include two categories of benefit:

- 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, together with adjustments for unrecognized actuarial gains and losses and past service costs.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized as an expense (income) in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense (income) is recognized immediately in profit or loss.

The Group recognizes actuarial gains and losses (resulting from changes in actuarial assumptions) using the corridor method. Under the corridor method, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain (loss) is not recognized.

When the calculation results in plan assets exceeding the Group's liabilities, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

The current and past service costs are presented in the income statement as part of the personnel expense.

The interest expenses (income) relating to the unwinding of the discounting of the defined benefit obligation and the expected return on plan assets are presented in financial income and expenses.

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.

2.15 Share-based payments

Free shares and stock option programs allow the Group employees to acquire shares of the Group entities. The fair value of options granted 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 Group estimates of the acquired equity instruments in accordance with conditions of granting.

The fair value is measured at grant date using a Black & Scholes model or a binomial model in accordance with the characteristics of the plans.

The proceeds received net of any directly attributable costs are recognized as an increase in share capital (for the nominal value) and share premium when equity instruments are exercised.

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 litigations include estimated costs for risks, disputes, litigations 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: goodwill not deductible for tax purposes, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and 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 net deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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.

Geographical areas 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, Eastern and Central Europe, United Kingdom / Ireland, and Benelux and Nordics,
- North America, aggregating United States and Canada, and
- The Asia-Pacific area.

The other operating segments are aggregated. They include the Group's electrical equipment distribution operations in Latin America as well as other businesses managed directly at the Group’s headquarters.

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 granted to employees.

3. | BUSINESS COMBINATIONS

3.1 2011 acquisitions

As part of Rexel’s external growth policy, which aims to strengthen its presence in emerging markets, increase its market share in mature countries and improve the offering of its high value-added services, the Group acquired the following companies in 2011:

Latin America

Brazil

Nortel Suprimentos Industriais, which was acquired on January 19, 2011, is one of the top three Brazilian distributors of electrical materials. It is based in Campinas in the state of São Paulo and recorded annual sales of around €104 million in 2010. The share purchase agreement stipulates an initial transfer of 75% of the share capital rights to the Group and a firm commitment to purchase the remaining 25% of share capital rights in 2013. On October 7, 2011, the Group entered into an amendment to the share purchase agreement to bring forward the sale of the remaining 25% of share capital rights. This entity has been consolidated as of January 1, 2011.

Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo, were acquired on November 30, 2011. They recorded annual sales of around €54 million in 2010. The Group acquired the full ownership of these companies. As these acquisitions were not significant with respect to the Group's financial position and given the acquisition date late in 2011, the consolidation of these entities was postponed to January 1, 2012. As of December 31, 2011, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets" (see note 10.3).

Peru

V&F Tecnologia Comercial SAC, a distributor of electrical supplies specialized in industrial automation projects based in Lima with annual sales of around €10 million in 2010, was acquired on October 4, 2011. The Group acquired full ownership of this company. As this transaction was not significant with respect to the Group's financial position and given the acquisition date late in 2011, the consolidation of this entity was postponed to January 1, 2012. As of December 31, 2011, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets" (see note 10.3).

Asia-Pacific

China

Wuhan Rockcenter Automation, acquired in January 2011 and based in Wuhan, posted annual sales of approximately €10 million in 2010. This entity has been consolidated as of January 1, 2011.

In accordance with an Asset and Business Transfer Agreement executed in June 2011, assets of Beijing Zhongheng, a company based in Beijing were acquired by a newly created company for that purpose and 65% controlled by the Group. Beijing Zhongheng posted sales of approximately €34 million in 2010. The Group holds a call exercisable in 2014 to acquire the remaining 35% interest. This entity has been consolidated as of July 1, 2011.

India

Yantra Automation Private Ltd, acquired in January 2011 and based in Pune, is a distributor specialized in Automotive and industrial controls. In 2010, it posted annual sales of approximately €12 million. The Purchase Agreement stipulates the acquisition of 74% of the share capital rights in January 2011 and the acquisition of the rest of the share capital in 2014. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. This entity has been consolidated as of January 1, 2011.

AD Electronics, a company specialized in industrial automotive distribution and based in Mumbai, was acquired on May 17, 2011. The Purchase Agreement provides for the acquisition of 75% of the share capital rights in May and July 2011 and the acquisition of the rest of the share capital in 2015. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. This entity has been consolidated as of July 1, 2011.

Europe

France

R-Scan, a start-up company specialized in energy efficiency audits and based in Western France and operating under the trade name of Inoveha, was acquired on September 23, 2011. This transaction bears on the acquisition of an initial 70% ownership interest in the share capital and further put and call options exercisable until 2018. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. This entity has been consolidated as of October 1, 2011.

Eurodis Sécurité, a distributor of security equipment (fire detection, intrusion, access control, CCTV), was acquired on December 29, 2011. In 2010, it posted annual sales of approximately €18 million. As this transaction is not significant on the Group's financial situation and given its acquisition date, this company has not been consolidated in the financial statements as of December 31, 2011. Its inclusion in the Group's scope of consolidation has been postponed to January 1, 2012. As of December 31, 2011, the fair value of the consideration transferred was recognized on the balance sheet under the line item "Other financial assets" (see note 10.3).

Germany

Tegro (Tech. Elektro Großhandels) GmbH, based in Germany, was acquired on May 3, 2011. It booked sales of approximately €10 million in 2010. This entity has been consolidated as of May 1, 2011.

The table below shows the consideration allocated to identifiable assets and liabilities of the acquired entities in 2011 and entities acquired in 2010 consolidated as of January 1, 2011, estimated on a provisional basis as of December 31, 2011:

(in millions of euros)

Customer relationship	14.6
Other fixed assets	18.4
Other non-current assets	6.7
Current assets	79.7
Financial debt	(14.4)
Other non-current liabilities	(9.2)
Current liabilities	(32.3)
Net asset acquired (except goodwill acquired)	**63.3**
Goodwill acquired	92.1
Consideration transferred	**155.4**
Cash acquired	(11.3)
Deferred payments	(6.4)
Payments related to entities consolidated as of January 1, 2012	33.1
Net cash paid for acquisitions	**170.7**
Payments in 2010 [1]	(66.4)
Foreign currency translation	(3.8)
Net cash flow for the period	**100.5**

(1) Converted at the exchange rate on the acquisition date.

The amount of fees associated with these acquisitions totaled €7.5 million, of which €5.6 million was incurred for the period ended December 31, 2011.

In Brazil, goodwill of €45.3 million is tax deductible.

3.2 2010 acquisitions

In December 2010, the Group acquired two electrical equipment distributors: Grossauer in Switzerland and LuckyWell Int'l Investment Limited in China.

Grossauer Elektro-Handels AG, based in Heiden in Eastern Switzerland, has annual sales of around €50 million, and is active mainly in the industrial end-market.

LuckyWell Int'l Investment Limited is a holding company which controls 100% of its operational subsidiary, Beijing Lucky Well Zhineng Electrical Co, active in the provinces of Beijing and Tianjin and essentially addresses industrial clients. This company has annual sales of around €16 million. All of the shares in LuckyWell Int'l Investment Limited were acquired.

These companies have been consolidated starting from January 1, 2011.

For the period ended December 31, 2011, the contribution of the entities acquired in 2010 and 2011 to the Group's sales and operating income amounts approximately to €223.4 million and €12.5 million respectively.

4. | SEGMENT REPORTING

Information by geographic sector for the periods ending December 31, 2011 and 2010

(in millions of euros)	2011						
	EUROPE	NORTH AMERICA	ASIA-PACIFIC	OTHER SEGMENTS	**TOTAL OPERATING SEGMENTS**	HOLDING COMPANIES	**TOTAL GROUP**
INCOME STATEMENT ITEMS							
Sales to external customers	7,437.7	3,692.1	1,278.4	308.9	**12,717.1**	–	**12,717.1**
Depreciation	(47.0)	(16.8)	(4.8)	(2.2)	**(70.8)**	(1.7)	**(72.5)**
EBITA [(1)]	511.2	163.7	77.8	13.9	**766.6**	(47.0)	**719.6**
Goodwill impairment	(54.8)	–	(4.7)	–	**(59.5)**	–	**(59.5)**
CASH FLOW STATEMENT ITEM							
Capital expenditures net of disposals	(51.0)	(11.6)	(8.0)	7.3	**(63.3)**	(5.1)	**(68.4)**
BALANCE SHEET ITEMS							
Working capital	631.3	389.0	174.6	38.7	**1,233.6**	37.0	**1,270.6**
Goodwill	2,644.6	1,049.9	266.8	40.9	**4,002.2**	–	**4,002.2**

(in millions of euros)	2010						
	EUROPE	NORTH AMERICA	ASIA-PACIFIC	OTHER SEGMENTS	**TOTAL OPERATING SEGMENTS**	HOLDING COMPANIES	**TOTAL GROUP**
INCOME STATEMENT ITEMS							
Sales to external customers	6,966.8	3,530.8	1,116.3	346.2	**11,960.1**	–	**11,960.1**
Depreciation	(46.9)	(19.7)	(4.2)	(3.7)	**(74.5)**	(1.6)	**(76.1)**
EBITA [(1)]	446.5	123.1	63.7	12.6	**645.9**	(30.0)	**615.9**
Goodwill impairment	(27.7)	–	(8.9)	–	**(36.6)**	–	**(36.6)**
CASH FLOW STATEMENT ITEM							
Capital expenditures net of disposals	(29.9)	(13.7)	(4.6)	(2.7)	**(50.9)**	(1.5)	**(52.4)**
BALANCE SHEET ITEMS							
Working capital	679.7	348.5	133.9	44.1	**1,206.2**	(11.3)	**1,194.9**
Goodwill	2,644.9	1,028.0	249.0	9.3	**3,931.2**	–	**3,931.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.

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The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

(in millions of euros)	FOR THE PERIOD ENDED DECEMBER 31, 2011	2010
EBITA – Total Group	**719.6**	**615.9**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(15.7)	(22.8)
Other income and other expenses	(107.0)	(107.7)
Net financial expenses	(191.1)	(203.1)
Share of profit/(losses) of associates	2.8	4.7
Group consolidated income before income tax	**408.6**	**287.0**

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Working capital	1,270.6	1,194.9
Goodwill	4,002.2	3,931.2
Total allocated assets & liabilities	**5,272.8**	**5,126.1**
Liabilities included in allocated working capital	2,546.3	2,434.9
Other non-current assets	1,331.7	1,321.2
Deferred tax assets	144.3	138.6
Income tax receivable	21.0	29.7
Assets classified as held for sale	3.7	23.1
Derivatives	2.0	1.7
Cash and cash equivalents	413.7	311.9
Group consolidated total assets	**9,735.5**	**9,387.2**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
Personnel costs (salaries & benefits)	1,439.7	1,374.3
Building and occupancy costs	257.0	262.8
Other external costs	583.5	565.8
Depreciation expense	72.5	76.1
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	15.7	22.8
Bad debt expense	45.2	50.7
Total distribution and administrative expenses	**2,413.6**	**2,352.5**

6. | SALARIES & BENEFITS

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
Salaries and social security charges	1,384.8	1,324.3
Share-based payments	17.2	9.8
Pension and other post-retirement benefits-defined benefit plans	15.8	16.2
Other employee benefits	21.9	24.0
Total employee expenses	**1,439.7**	**1,374.3**

7. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
Gains on disposal of consolidated entities	26.1	–
Gains on disposal of tangible assets	8.4	2.9
Write-back asset impairment	0.2	–
Release of unused provisions	4.5	5.7
Other operating income	0.4	7.5
Total other income	**39.6**	**16.1**
Restructuring costs	(39.8)	(65.2)
Losses on non-current assets disposed of	(2.0)	(11.2)
Impairment of goodwill and fixed assets	(87.9)	(40.9)
Acquisition related costs	(5.6)	(2.2)
Other operating expenses	(11.3)	(4.3)
Total other expenses	**(146.6)**	**(123.8)**

7.1 Other income

Capital gains

In 2011, €26.1 million gains on consolidated entities included (i) a gain related to the disposal of Hagemeyer Brands Australia Pty Limited, a company involved in the distribution of consumer electronics and kitchen appliances in Australia, corresponding to the exchange gain initially recognized in other comprehensive income and reclassified from equity to profit and loss and (ii) a gain related to the disposal of Kompro B.V., a company specialized in the retail distribution and maintenance of multi-function printers in The Netherlands.

In addition, other capital gains were mainly related to the disposal of the business of three commercial branches in the United States for €5.3 million, the disposal of three operational buildings in France for €1.7 million, the disposal of the Spanish head office in Barcelona for €0.7 million and the disposal of tangible assets for €0.4 million in Slovenia.

In 2010, capital gains were mainly related to the disposal of two branches in Sweden and one in Italy for €1.7 million and €0.7 million respectively.

Release of unused provisions

In 2011, this line item mainly included the release of provisions on litigations with French social security authorities for €2.1 million and on the closing of the liquidation of Ceteco, a Dutch subsidiary of Hagemeyer for €1.0 million.

In 2010, this line item included the release of unused provisions for restructuring.

Other operating income

In 2010, other operating income included a €3.6 million curtailment gain relating to the pension plan in The Netherlands and a €3.7 million tax indemnification from the PPR group under a warranty granted to Rexel in 2005.

7.2 Other expenses

Restructuring costs

In 2011, restructuring costs were mainly related to restructuring plans in Europe for €31.2 million (mainly in Spain, in the United Kingdom and in The Netherlands), in North America for €6.3 million and in Asia-Pacific for €1.9 million (mainly in New Zealand).

In 2010, restructuring costs were mainly related to the restructuring plans initiated in 2009 to adapt the Group's structure to market conditions, and were located in Europe for €48.3 million and in North America for €12.6 million.

Losses on non-current assets disposed of

In 2011, losses on fixed assets were mainly composed of discarded equipment in relation to the merger of four branches in Spain for €0.8 million and of €0.4 million impairment of assets in the United Kingdom.

In 2010, losses on non-current assets were related to the sale of two legacy non-core businesses of Hagemeyer:

• Hagemeyer Cosa Liebermann in Asia (HCL Asia), a company operating as a wholesaler and duty-free agent of luxury goods in Asian countries, sold to DKSH Holding Ltd, a Swiss company, on February 25, 2010 for total consideration of USD12.7 million (€9.0 million). Capital loss on this disposal amounted to €6.4 million.

• Haagtechno B.V., a company in The Netherlands involved in import, warehousing and distribution of electronic products manufactured by Panasonic, sold to Panasonic Marketing Europe GmbH on June 30, 2010 for a total consideration of €15.5 million. Capital loss on this disposal amounted to €2.7 million.

Goodwill and assets impairment

In 2011, impairments on goodwill have been recognized for €59.5 million and allocated to The Netherlands for €47.2 million, to Slovenia for €7.6 million and to New Zealand for €4.7 million, due to the deterioration of the expected performance of those cash generating units. In addition, impairment on Spanish fixed assets other than goodwill has been recognized for €20.7 million (see note 10.1). Moreover, this line item includes €7.0 million impairment of the assets of Hagemeyer Brands Australia Pty Ltd, disposed of in the third quarter of 2011.

In 2010, impairment was recognized on the goodwill of The Netherlands, New Zealand and Slovenia for respectively €23.5 million, €8.9 million and €4.2 million.

Acquisition-related costs

In 2011, the costs incurred in connection with acquisition projects amount to €5.6 million.

Other operating expenses

In 2011, other expenses were mainly related to litigations with social security authorities for €6.5 million, to employee claims for €2.0 million and to tax claims for €0.8 million.

In 2010, other expenses referred mainly to a cost of €2.3 million as a warranty granted by the Group as part of share sales and a cost of €0.5 million in impairment of the group of assets and liabilities held for sale, relating to the distribution activity in Australia of Smeg electrical appliances.

8. | NET FINANCIAL EXPENSES

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2011**	**2010**
Expected return on employee benefit plan assets	50.2	46.7
Interest income on cash and cash equivalents	2.0	0.9
Interest income on receivables and loans	2.3	1.7
Financial income	**54.5**	**49.3**
Interest expense on financial debt (stated at amortized costs)	(156.0)	(151.0)
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement [(1)]	(24.3)	(33.8)
Foreign exchange gain (loss)	11.0	(10.2)
Change in fair value of exchange rate derivatives through profit and loss	(5.9)	10.7
Change in fair value of interest rate derivatives through profit and loss	(8.1)	(5.5)
Interest expense on borrowings	**(183.2)**	**(189.8)**
Interest cost of employee benefit obligation and other long-term liabilities	(55.2)	(54.7)
Financial expenses (other)	(7.2)	(7.9)
Other financial expenses	**(62.4)**	**(62.6)**
Financial expenses (net)	**(191.1)**	**(203.1)**

(1) Of which a €13.1 million expense related to the reclassification of losses previously deferred through equity relating to the fair value of swaps designated as a hedge of variable interest rate cash flows on the US dollar for €12.1 million, Canadian dollar for €0.4 million and Swiss franc for €0.7 million, following the partial repayment of the underlying senior credit facilities during the 2nd and 3rd quarter of 2011 (see note 20).

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)	**2011**	**2010**
Current tax	(104.5)	(47.4)
Prior year adjustments on current income tax	1.5	(1.5)
Deferred tax	13.4	(8.9)
Total income tax expense	**(89.6)**	**(57.8)**

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	2011	2010
Net deferred tax at the beginning of the period	**(5.9)**	**8.3**
Deferred tax income (expense)	13.4	(8.9)
Change in consolidation scope	(0.9)	0.3
Translation differences	4.4	2.5
Other changes	0.4	(8.1)
Net deferred tax at the end of the period	**11.4**	**(5.9)**

In 2010, other changes mainly consisted of tax effect on fair value of derivative instruments recognized directly through equity for €7.8 million.

Deferred tax assets and liabilities are broken down as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	2011	2010
Intangible assets	(274.5)	(265.7)
Property, plant and equipment	7.8	14.8
Financial assets	(11.7)	(11.3)
Trade accounts receivable	18.6	18.2
Inventories	8.2	1.6
Employee benefits	59.3	49.8
Provisions	7.8	16.0
Financing fees	(1.0)	(7.9)
Other items	23.9	22.3
Tax losses carried forward	350.3	351.2
Deferred tax assets / (liabilities), net	**188.9**	**189.0**
Valuation allowance on deferred tax assets	(177.5)	(194.9)
Net deferred tax assets / (liabilities)	**11.4**	**(5.9)**
of which deferred tax assets	144.3	138.6
of which deferred tax liabilities	(132.9)	(144.5)

Depreciation of deferred tax assets of €177.5 million at December 31, 2011 (€194.9 million at December 31, 2010), is determined in respect of the recoverability of net deferred tax assets assessed 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 tax reassessments. At December 31, 2011, it mainly refers to the losses carried forward in the United Kingdom, France and Spain.

9.3 Effective tax rate

(in millions of euros)	2011	2010
Income before tax and before share of profit in associates	405.8	282.3
French legal tax rate	*36.1%*	*34.4%*
Income tax calculated at the legal tax rate	(146.5)	(97.2)
Differences of tax rates in foreign jurisdictions	25.4	17.1
Changes in tax rates	(2.0)	0.1
(Current year losses unrecognized), prior year losses utilized	38.6	28.4
(Non-deductible expenses), tax exempt revenues	(5.1)	(6.2)
Actual income tax expense	**(89.6)**	**(57.8)**
Effective tax rate	***22.1%***	***20.5%***

In 2011, the impact on the income tax expense of non-deductible expenses and tax exempt revenues mainly include a tax gain resulting from legal reorganizations of French holding companies for €39.1 million partially offset by tax reassessment in France for €31.6 million (see note 24.2). Prior year losses carried forward have been partially recognized in the UK and resulted in a deferred tax asset of €42.8 million (£37.1 million) following the assessment of future taxable profits as of the balance sheet date.

In 2010, a deferred tax asset relating to French prior year losses carried forward was recognized for €33.1 million in respect of the assessment of the recoverability of such losses at the balance sheet date.

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, 2010	**185.6**	**568.5**	**348.9**	**1,103.0**	**3,869.3**
Effect of acquisitions and divestitures	–	–	(11.1)	**(11.1)**	**(0.3)**
Additions	–	–	20.1	**20.1**	**–**
Disposals	–	–	(2.7)	**(2.7)**	**–**
Exchange differences	–	32.2	18.7	**50.9**	**212.5**
Other changes	–	–	(12.4)	**(12.4)**	**0.1**
Gross carrying amount as of December 31, 2010	**185.6**	**600.7**	**361.5**	**1,147.8**	**4,081.6**
Effect of acquisitions and divestitures	–	–	5.0	**5.0**	**90.9**
Additions	–	–	34.0	**34.0**	**–**
Disposals	–	–	(2.4)	**(2.4)**	**–**
Exchange differences	–	7.4	5.7	**13.1**	**39.0**
Other changes	–	–	(1.1)	**(1.1)**	**(0.1)**
Gross carrying amount as of December 31, 2011	**185.6**	**608.1**	**402.7**	**1,196.4**	**4,211.4**
Accumulated amortization and depreciation as of January 1, 2010	**–**	**–**	**(175.2)**	**(175.2)**	**(109.9)**
Change in consolidation scope	–	–	5.1	**5.1**	**–**
Amortization expense	–	–	(45.0)	**(45.0)**	**–**
Impairment losses (2)	–	–	(1.0)	**(1.0)**	**(36.6)**
Decrease of amortization	–	–	2.6	**2.6**	**–**
Exchange differences	–	–	(9.4)	**(9.4)**	**(3.9)**
Other changes	–	–	9.5	**9.5**	**–**
Accumulated amortization and depreciation as of December 31, 2010	**–**	**–**	**(213.4)**	**(213.4)**	**(150.4)**
Change in consolidation scope	–	–	8.2	**8.2**	**0.4**
Amortization expense	–	–	(37.1)	**(37.1)**	**–**
Impairment losses (3)	–	(5.8)	(11.4)	**(17.2)**	**(59.5)**
Decrease of amortization	–	–	(0.5)	**(0.5)**	**–**
Exchange differences	–	–	(4.3)	**(4.3)**	**0.2**
Other changes	–	–	3.6	**3.6**	**0.1**
Accumulated amortization and depreciation as of December 31, 2011	**–**	**(5.8)**	**(254.9)**	**(260.7)**	**(209.2)**
Carrying amount at January 1, 2010	**185.6**	**568.5**	**173.7**	**927.8**	**3,759.4**
Carrying amount at December 31, 2010	**185.6**	**600.7**	**148.1**	**934.4**	**3,931.2**
Carrying amount at December 31, 2011	**185.6**	**602.3**	**147.8**	**935.7**	**4,002.2**

(1) Including customer relationships for a net book value of €26.0 million as of December 31, 2011.
(2) Goodwill impairment in The Netherlands, New Zealand and Slovenia (see note 7.2).
(3) Goodwill impairment in The Netherlands, New Zealand and Slovenia. Assets impairment in Spain.

Goodwill arising in a business combination represents a payment made by the purchaser in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately according to IFRS, such as market shares, the value of human capital, 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.

Impairment testing of goodwill and intangibles with indefinite lives

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:

(in millions of euros)		AS OF DECEMBER 31, 2011			2010		
CGU	GEOGRAPHICAL SEGMENT	GOODWILL	OTHER INTANGIBLE ASSETS (1)	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS (1)	TOTAL
France	Europe	946.6	169.4	1,116.0	945.6	169.4	1,115.0
United States	North America	575.0	81.2	656.2	551.6	78.6	630.2
Canada	North America	480.2	76.7	556.9	476.3	76.0	552.3
The Netherlands	Europe	126.0	17.3	143.3	173.2	17.3	190.5
Sweden	Europe	200.7	21.1	221.8	199.5	21.0	220.5
Germany	Europe	172.9	51.7	224.6	171.3	51.7	223.0
United Kingdom	Europe	185.8	61.3	247.1	180.3	59.4	239.7
Norway	Europe	193.4	16.0	209.4	192.3	15.9	208.2
Australia	Asia-Pacific	191.3	30.5	221.8	185.2	29.5	214.7
Switzerland	Europe	224.8	34.7	259.5	180.6	33.7	214.3
Other		705.5	228.0	933.5	675.3	233.8	909.1
Total		**4,002.2**	**787.9**	**4,790.1**	**3,931.2**	**786.3**	**4,717.5**

(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 cash flows arising from the three-year strategic plan performed in June and updated during the budgetary process in November 2011. Cash flows are extrapolated over a period of five years and take into account a 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.

Discount rate

The following discount rates are used to estimate the value-in-use:

	2011	2010
France	7.40%	6.80%
United States	7.00%	6.80%
Canada	6.80%	6.90%
The Netherlands	8.00%	7.10%
Sweden	8.10%	7.00%
Germany	7.70%	6.60%
United Kingdom	7.50%	7.40%
Norway	8.70%	7.60%
Australia	9.10%	9.00%
Switzerland	6.50%	6.10%
Other	6.8% to 12.5%	7.0% 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. This rate is not subject to changes over the short term. The perpetuity growth rates used to measure the terminal value were 2% for mature markets, 3% for China and 4.5% for Brazil, identical to those used in 2010.

As a result of impairment tests, a loss of €59.5 million was recognized in 2011 (€36.6 million in 2010) and allocated to goodwill in The Netherlands (€47.2 million), in New Zealand (€4.7 million), and in Slovenia (€7.6 million) due to the deterioration of the expected performance of these CGUs. In Spain, an impairment of €20.7 million in aggregate was recognized as a result of the decline in the construction market and a decreased demand of electrical supplies. The latter was allocated to intangible assets with indefinite useful life (distribution network) for €5.8 million, to other intangible assets (mainly customer relationships) for €4.3 million and to other tangible assets for €10.6 million (see note 10.2). In addition, an impairment of €7.0 million was also recognized in connection with the disposal of the assets of Hagemeyer Brands Australia Pty Ltd, in the third quarter of 2011.

In 2010, impairment losses of €36.6 million were recognized and allocated to goodwill in The Netherlands (€23.5 million), in New Zealand (€8.9 million), and in Slovenia (€4.2 million) due to the deterioration in the economic climate and the downturn in markets.

Sensitivity analysis

With regards to the assessment of value-in-use of goodwill and other intangible and fixed assets, the Group believes that no reasonably possible changes in the EBITA margin, discount rate or perpetuity growth rate (less than or equal to 50 basis points) would cause the carrying value of the above cash-generating units to materially exceed its recoverable amount, excluding Brazil (for which the carrying value equals the recoverable amount) and the cash-generating units already impaired in 2011. Therefore, for the latter countries, any adverse movement in a key assumption would lead to a further impairment.

A 50 basis points increase in the discount rate, applied to the value-in-use of all cash-generating units would result in an additional €26.9 million impairment expense. A 50 basis points decrease in the perpetuity growth rate or in the EBITA margin would result in additional impairment expenses of €15.6 million and €35.3 million respectively.

10.2 Property, plant and equipment

(in millions of euros)	LAND & BUILDINGS	PLANT & EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount as of January 1, 2010	**184.1**	**636.8**	**29.8**	**850.7**
Effect of acquisitions and divestitures	(0.5)	(10.6)	–	**(11.1)**
Additions	6.0	28.0	3.3	**37.3**
Disposals	(10.4)	(31.3)	(0.3)	**(42.0)**
Exchange differences	5.0	33.5	1.7	**40.2**
Other changes	20.0	(26.5)	0.4	**(6.1)**
Gross carrying amount as of December 31, 2010	**204.2**	**629.9**	**34.9**	**869.0**
Effect of acquisitions and divestitures	24.3	(0.7)	(5.4)	**18.2**
Additions	21.0	39.0	4.4	**64.4**
Disposals	(22.7)	(41.3)	(6.7)	**(70.7)**
Exchange differences	2.7	5.4	–	**8.1**
Other changes	15.4	3.6	(1.5)	**17.5**
Gross carrying amount as of December 31, 2011	**244.9**	**635.9**	**25.7**	**906.5**
Accumulated depreciation and amortization as of January 1, 2010	**(77.4)**	**(490.1)**	**(21.6)**	**(589.1)**
Change in consolidation scope	0.5	9.5	–	**10.0**
Depreciation expense	(10.0)	(40.3)	(4.0)	**(54.3)**
Impairment losses	(2.7)	(0.6)	–	**(3.3)**
Release	6.6	29.5	0.3	**36.4**
Exchange differences	(1.7)	(26.8)	(1.2)	**(29.7)**
Other changes	(10.5)	17.4	(0.5)	**6.4**
Accumulated depreciation and amortization as of December 31, 2010	**(95.2)**	**(501.4)**	**(27.0)**	**(623.6)**
Change in consolidation scope	(11.9)	3.7	4.3	**(3.9)**
Depreciation expense	(10.4)	(38.2)	(2.5)	**(51.1)**
Impairment losses	(9.3)	(1.9)	–	**(11.2)**
Release	7.5	39.7	6.6	**53.8**
Exchange differences	(1.2)	(4.5)	–	**(5.7)**
Other changes	(2.1)	(0.8)	(0.2)	**(3.1)**
Accumulated depreciation and amortization as of December 31, 2011	**(122.6)**	**(503.4)**	**(18.8)**	**(644.8)**
Carrying amount at January 1, 2010	**106.7**	**146.7**	**8.2**	**261.6**
Carrying amount at December 31, 2010	**109.0**	**128.5**	**7.9**	**245.4**
Carrying amount at December 31, 2011	**122.3**	**132.5**	**6.9**	**261.7**

The net additions of the period include €18.4 million of assets 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.

Impairment of property, plant and equipment

In 2011, impairment loss accounted for and recognized under "Other expenses" (see notes 2.18 and 7.2) resulted in the write down of certain properties and equipment to bring their net book value to their recoverable amount. Impairments were recorded mainly in Spain, for €10.6 million (see note 10.1).

In 2010, impairments concerned mainly Poland, Spain and the United Kingdom.

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

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Loans	0.8	0.2
Deposits	15.8	8.7
Other financial assets	105.9	123.2
Long-term investments	**122.5**	**132.1**

As of December 31, 2011, other long-term investments comprised mainly (i) the asset surplus of defined benefit plans relating to the liability of Hagemeyer pension plans in The Netherlands for a total of €43.3 million (€41.1 million in 2010 – see note18), (ii) fair value hedging instruments for €25.9 million (€5.7 million in 2010) and derivatives held for trading for a total of €1.6 million (€2.7 million in 2010 was related to derivatives for cash flow hedges).

They also include the purchase price of the shares and quotas in the Peruvian company V&F Tecnología for €4.5 million, in the Brazilian company Delamano for €14.5 million and in the French company Eurodis for €14 million (see note 3.1).

As of December 31, 2010 long-term investments included the fair market value of the shares in the Swiss company Grossauer for a total of €68.0 million and shares in LuckyWell for a total of €2.3 million (see note 3).

10.4 Investments in associates

The Group holds 66.67% of the shares in DPI, Inc, of which 59.52% are held in the form of non-voting preference shares. The investment in DPI, Inc. was accounted for using the equity method.

The following table presents the financial information of DPI, Inc.:

(in millions of euros) – unaudited	AS OF DECEMBER 31, 2011	2010
DPI, INC. BALANCE SHEET INFORMATION		
Total assets	58.3	47.2
Total liabilities	(37.8)	(30.5)
Shareholders' equity	**20.6**	**16.7**

(in millions of euros) – unaudited	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
DPI, INC. SALES AND NET INCOME		
Sales	122.4	139.3
Net income	4.2	7.1

11. | CURRENT ASSETS

11.1 Inventories

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Cost	1,334.8	1,294.8
Allowance	(94.0)	(91.7)
Net inventories	**1,240.8**	**1,203.1**

Changes in impairment losses

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Allowance for inventories as of January 1	**(91.7)**	**(98.6)**
Change in consolidation scope	(4.1)	1.4
Net change in allowance	(0.8)	3.9
Translation difference	(0.4)	(6.0)
Other changes	3.2	7.6
Allowance for inventories as of December 31	**(94.0)**	**(91.7)**

11.2 Trade accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Nominal value	2,269.9	2,158.0
Impairment losses	(147.0)	(136.0)
Trade accounts receivable	**2,122.9**	**2,022.0**

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 €243.7 million as of December 31, 2011 (€213.2 million as of December 31, 2010).

The Group has put in place credit insurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €836.7 million as of December 31, 2011 (€716.4 million as of December 31, 2010).

Finally, in certain countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States. Trade accounts receivable covered by these guarantees represented €238.0 million as of December 31, 2011 (€213.9 million as of December 31, 2010).

On December 23, 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 2014.

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. 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 the transfer to the purchaser of all risks and obligations attached to the receivables assigned in relation to the Ester program, these receivables are derecognized. 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, 2011, derecognized receivables totaled €102.8 million (€97.7 million as of December 31, 2010) and the resulting loss was recorded as a financial expense for €4.1 million (€5.7 million in 2010). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totaled €15.3 million and was recognized in financial liabilities.

In addition, the Group manages other on-balance sheet securitization programs as described in note 19.1.3.

Changes in impairment losses

(in millions of euros)	2011	2010
Impairment losses on trade accounts receivable as of January 1	**(136.0)**	**(119.2)**
Change in consolidation scope	(1.8)	–
Net depreciation	(40.6)	(39.5)
Translation differences	(0.3)	(3.7)
Other changes	31.7	26.4
Impairment losses on trade accounts receivable as of December 31	**(147.0)**	**(136.0)**

As of December 31, 2011, 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 a total of €101.9 million (€86.0 million as of December 31, 2010).

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)	2011	2010
From 1 to 30 days	232.3	217.5

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)	2011	2010
Purchase rebates	318.7	294.1
VAT receivable and other sales taxes	25.8	22.0
Prepaid expenses	40.4	29.9
Derivatives	2.1	1.7
Other receivables	68.2	58.7
Total accounts receivable	**455.2**	**406.4**

12. | CASH AND CASH EQUIVALENTS

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Short-term investments	135.3	124.6
Cash at bank	277.2	186.2
Cash in hand	1.2	1.1
Cash and cash equivalents	**413.7**	**311.9**

As of December 31, 2011, short-term investments include units in mutual funds, valued at their fair market value, for a total of €133.3 million (€122.1 million in 2010). 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.

13. | SUMMARY OF FINANCIAL ASSETS

			AS OF DECEMBER 31, 2011		2010	
(in millions of euros)	IAS 39 CATEGORY	HIERARCHY	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans	L&R		0.8	0.8	0.2	0.2
Deposits	L&R		15.8	15.8	8.7	8.7
Assets available for sale	AFS		33.3	33.3	70.9	70.9
Hedging derivatives (1)	NA	2	25.9	25.9	8.8	8.8
Other derivative instruments	TR	2	1.6	1.6	–	–
Others (2)	NA		46.7	NA	43.5	NA
Total long-term investments			**124.1**	**–**	**132.1**	**–**
Trade accounts receivable	**L&R**		**2,122.9**	**2,122.9**	**2,022.0**	**2,022.0**
Supplier rebates receivable	L&R		318.7	318.7	294.1	294.1
VAT and other sales taxes receivable (2)	NA		25.8	NA	22.0	NA
Other accounts receivable	L&R		68.2	68.2	58.7	58.7
Hedging derivatives (1)	NA	2	0.7	0.7	–	–
Other derivative instruments	TR	2	1.4	1.4	1.7	1.7
Prepaid expenses (2)	NA		40.4	NA	29.9	NA
Total other current assets			**455.1**	**–**	**406.4**	**–**
Short-term investments	FV	1	135.3	135.3	124.6	124.6
Cash	L&R		278.4	278.4	187.3	187.3
Cash and cash equivalents			**413.7**	**–**	**311.9**	**–**

(1) Specific accounting treatment for hedging.

(2) Not a financial instrument under IAS 39.

Loans and receivables	L&R
Assets available for sale	AFS
Investments held for trading	TR
Fair value through profit or loss	FV
Not applicable	NA

14. | SHARE CAPITAL AND PREMIUM

14.1 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 (in millions of euros)	ISSUANCE PREMIUM (in millions of euros)
On January 1, 2010	**258,220,018**	**1,291.1**	**1,392.2**
Exercise of share subscription options (1)	1,489,092	7.4	0.2
Issuance of shares in connection with free shares plan (2)	147,763	0.7	(0.7)
Allocation of free shares (3)	–	–	(8.2)
Issuance of shares in connection with employee share purchase plan	356,123	1.8	0.2
On December 31, 2010	**260,212,996**	**1,301.0**	**1,383.7**
Exercise of share subscription options (1)	347,152	1.8	1.2
Issuance of shares in connection with payments of dividends (4)	5,376,107	26.9	58.7
Issuance of shares in connection with free shares plan (2)	2,883,504	14.4	(12.6)
Allocation of free shares (3)	–	–	(18.8)
On December 31, 2011	**268,819,759**	**1,344.1**	**1,412.2**

(1) Exercise of share subscription options

For the period ended December 31, 2011, 347,152 shares options were exercised by senior employees and key management personnel (1,489,092 for the period ended December 31, 2010).

(2) Share issues related to bonus share plans

In May 2011, 268,416 shares were issued in connection with the 2009 bonus free shares plan ("Plan 2+2") and 2,590,621 shares were issued in connection with the 2007 bonus free shares plan ("Plan 4+0") in April 2011. In October 2011, 24,467 shares were issued in connection with 2007 bonus free shares plan ("Plan 4+0").

On June 24, 2010, 146,031 shares were issued in connection with the 2008 bonus free shares plan ("Plan 2+2"). In October 2010, 1,732 shares were issued in connection with 2008 bonus free shares plan ("Plan 2+2").

These plans characteristics are detailed in note 15.

(3) Bonus share issue

In accordance with the approval by the Shareholders' Meeting of 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 shares to the executive management, operational managers and key employees of the Group subject to certain conditions (see note 15). In October 11, 2011, 1,684,029 additional shares were granted.

Pursuant to the bonus share scheme, the remittance of the shares would occur at the end of the vesting period either through the delivery of existing shares or newly issued shares. As a consequence, an allocation was made to the "appropriated earnings" as the offsetting of the premium to be issued.

(4) Issuance of shares in connection with payments of dividends

The Shareholders' Meeting of May 19, 2011 approved the payment of a dividend of €0.40 per share, either in cash or in Group shares at a price of €16, depending on the choice of each shareholder. The total amount of the dividend paid was €105.2 million, of which €19.2 million was paid in cash and €86.0 million was paid by the issuance of 5,376,107 new shares. Costs related to capital increase were booked in reduction of the share premium for an amount of €0.5 million.

	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
Dividends on ordinary shares	€0.40	–
Dividends paid *(in millions of euros)*	**105.2**	**–**
of which:		
– dividends paid in cash	19.2	–
– dividends paid in shares	86.0	–

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14.2 Capital Management

Rexel shares have been listed on the Eurolist Euronext Paris market since April 4, 2007. As part of this stock market listing, the principal indirect shareholders of Rexel, namely funds managed by Clayton, Dubilier & Rice, Inc., Ray France Investment S.A.S. (itself a subsidiary of Eurazeo S.A.), North Cove Partners (together the "Principal Investors") and Caisse de Dépôt et de Placement du Québec (together with the Principal Investors, the "Investors") agreed to organize the sale of all or part of the shares of Rexel that they held, directly or indirectly, according to certain terms and conditions. Each of the Investors may thus:

- sell its Rexel shares on the market subject to a maximum volume representing €10.0 million in each 30-day consecutive period;
- initiate a Rexel share transfer in the form (i) of a sale of Rexel's shares through an off-board block trade for a minimum amount of €75 million; or (ii) of a secondary public offering of Rexel's shares, whose minimum estimated proceeds are €150 million, provided that the other Investors may participate in this off-board block trade or secondary public offering and that no other secondary offering has already occurred in the preceding six months.

These planned sale undertakings will terminate on April 12, 2012, or at the date on which the Principal Investors, direct or indirect, holding in Rexel's share capital falls below 40%. In addition, these sale undertakings will cease to apply to the investor who holds (directly or indirectly) less than 5% of Rexel's share capital.

Treasury shares

The Shareholders' Meeting of May 19, 2011 authorized the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to buy 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 €200 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 19, 2012).

The objectives of this program in decreasing order of priority are as follows:

- to guarantee the liquidity and promote the market for the shares through the intermediary of an investment services provider;
- to implement any stock option plan of the Company;
- to subsequently conserve and provide shares in exchange or in payment under the framework of external growth operations and within a limit of 5% of the Company's share capital;
- to provide shares when rights attached to the securities giving access to shares in the Company are exercised;
- to cancel all or part of the shares bought back under this program;
- as well as any other objective that complies with regulation in force.

Under 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 share transactions for an amount of €12.8 million.

In addition, Rexel mandated Natixis in order 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.

On December 31, 2011, Rexel held 2,590,773 treasury shares (103,000 as of December 31, 2010) valued at an average price of €12.12 per share (€16.255 per share as of December 31, 2010) and recorded as a reduction in shareholders' equity, for an amount of €31.4 million (€1.7 million as of December 31, 2010).

Net capital losses realized on the sale of treasury shares in 2011 amounted to €0.6 million net of tax and were recognized as a decrease in shareholders' equity (net capital gain of €1.3 million in 2010).

15. | SHARE-BASED PAYMENTS

15.1 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 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 12, 2013 / October 11, 2013), these being restricted for an additional two-year period (until May 12, 2015 / October 11, 2015), the so-called "Plan 2+2", or four years after the granting date with no subsequent restrictions, the so-called "Plan 4+0".

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 MANAGERS		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	
Delivery date	May 12, 2013 / October 11, 2013	May 12, 2015 / October 11, 2015	May 12, 2013 / October 11, 2013	May 12, 2015 / October 11, 2015	May 12, 2013 / October 11, 2013	May 12, 2015 / October 11, 2015	
Maximum number of shares granted on May 12, 2011	429,203	507,879	177,931	484,110	96,375	387,250	**2,082,748**
Maximum number of shares granted on October 11, 2011 [(1)]	295,550	8,381	10,929	25,859	–	–	**340,719**
Cancelled in 2011	(65,301)	(82,178)	(18,474)	(60,197)	(9,750)	(11,500)	**(247,400)**
Maximum number of shares allocated as of December 31, 2011	659,452	434,082	170,386	449,772	86,625	375,750	**2,176,067**
Share fair value at the attribution date May 12, 2011	*€17.22*	*€16.42*	*€17.22*	*€16.42*	*€17.22*	*€16.42*	
Share fair value at the attribution date October 11, 2011	*€11.39*	*€10.34*	*€11.39*	*€10.34*			

(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 key employees is based upon the stock price at the grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

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Furthermore, 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 these plans, 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 (October 11, 2016), the so-called "Plan 3+2", or five years after the granting date with no subsequent restrictions, the so-called "Plan 5+0". The delivery of these shares is subject to service and market conditions as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS	OTHER KEY EMPLOYEES	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	Plan 3+2	Plan 5+0	
Delivery date	October 11, 2013	October 11, 2015	
Maximum number of shares granted on October 11, 2011	840,334	502,976	**1,343,310**
Maximum number of shares allocated as of December 31, 2011	840,334	502,976	**1,343,310**
Share fair value at the attribution date	*€7.17*	*€6.15*	

The fair value of Rexel's shares granted to key employees was computed on a stochastic calculation which simulates the evolution of Rexel and panel shares quotations at the end of the three-year vesting period. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

Plans issued in 2010

On May 11, 2010, Rexel implemented bonus share plans for its top executives and key managers amounting to 1,519,862 shares. In accordance with local regulations, these senior executives and key employees will be eligible to receive Rexel shares, either after a period of two-years from the grant date (May 12, 2012), with a restriction on their sale for an additional two-year period (May 12, 2014) under the "Plan 2+2", or a period of four years after the grant date, with no subsequent restrictions on their sale, under the "Plan 4+0".

The actual delivery of these bonus shares is subject to service and performance conditions laid down in the plan.

Conditions are presented in the following table:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OTHER KEY EMPLOYEES		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio Net Debt to adjusted EBITDA		Two-year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio Net Debt to adjusted EBITDA		
Plan	Plan 2+2	Plan 4+0	Plan 2+2	Plan 4+0	
Delivery date	May 12, 2012	May 12, 2014	May 12, 2012	May 12, 2014	
Maximum number of shares granted on May 11, 2010	391,306	544,262	160,836	423,458	**1,519,862**
Cancelled in 2010	(6,601)	(9,168)	(6,047)	(23,015)	**(44,831)**
Maximum number of shares allocated as of December 31, 2010	384,705	535,094	154,789	400,443	**1,475,031**
Cancelled in 2011	(12,013)	(39,568)	(14,670)	(37,185)	**(103,436)**
Maximum number of shares allocated as of December 31, 2011	372,692	495,526	140,119	363,258	**1,371,595**
Share fair value at the attribution date	*€11.4*	*€10.47*	*€11.4*	*€10.47*	

The fair value of Rexel's shares granted to key employees is based upon the stock price at the grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

Plans issued in 2009 and before

In 2009, 2008 and 2007, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 8,036,308 shares. Depending on local regulations, 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 2009	PLANS ISSUED IN 2008	PLANS ISSUED IN 2007
Maximum number of shares granted initially	**1,372,166**	**1,607,961**	**5,056,181**
Shares cancelled	(319,333)	(1,080,455)	(275,169)
Shares delivered	–	(147,763)	(2,159,291)
Maximum number of shares allocated as of December 31, 2010 and not yet delivered	**1,052,833**	**379,743**	**2,621,721**
Shares cancelled in 2011	(16,002)	–	(6,633)
Shares delivered in 2011	(268,416)	–	(2,615,088)
Maximum number of shares allocated as of December 31, 2011 and not yet delivered	**768,415**	**379,743**	**–**
Share fair value at the grant date	*€6.42*	*€7.88*	*€16.5*

The fair value of Rexel's shares granted to key employees was based upon the stock price at the grant date. The impact of restrictions attached to dividends relating to these shares for the period until their delivery to beneficiaries has been deducted.

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15.2 Stock option plans

Plans issued by Rexel in 2005

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, 2011	OPTIONS TERM
OPTIONS GRANTED TO KEY MANAGERS ("PLAN NO.1")			
– on October 28, 2005	2,711,000	32,820	October 28, 2015
– on May 31, 2006	169,236	–	
– on October 4, 2006	164,460	–	
OPTIONS GRANTED TO KEY EMPLOYEES ("PLAN NO.2")			
– on November 30, 2005	259,050	215,990	November 30, 2015
– on May 31, 2006	34,550	26,376	November 30, 2015
Total options granted by Rexel	**3,338,296**	**275,186**	

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15.3 Share-based payment expenses

Expenses related to free share plans are accounted for in "Distribution and administrative expenses" (except for the 2007 plan which was accounted for in "Other expenses" in consideration of the non-recurring nature of the IPO) and are summarized as follows:

	FOR THE PERIOD ENDED DECEMBER 31,	
(in millions of euros)	2011	2010
Plans issued in 2008	–	1.1
Plans issued in 2009	1.2	3.3
Plans issued in 2010	6.9	4.5
Plans issued in 2011	8.8	–
Expense related to employee share purchase plan [(1)]	0.3	0.9
Total free share plans expense	**17.2**	**9.8**

(1) In 2011, the expense are free shares granted in 2010, related to employee share purchase plan.

16. | 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,	
	2011	**2010**
Net income attributed to ordinary shareholders (in millions of euros)	***318.3***	***228.5***
Weighted average number of ordinary shares *(in thousands)*	264,688	259,301
Non dilutive potential shares *(in thousands)*	1,637	2,814
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***266,325***	***262,115***
Basic earning per share *(in euros)*	**1.20**	**0.87**
Net income attributed to ordinary shareholders (in millions of euros)	***318.3***	***228.5***
Weighted average number of issued common shares and non dilutive potential shares *(in thousands)*	266,325	262,115
Potential dilutive shares *(in thousands)*	2,331	2,125
– of which share options *(in thousands)*	189	268
– of which share options related to dividend paid in shares *(in thousands)*	–	345
– of which bonus shares *(in thousands)* (1)	2,142	1,512
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***268,656***	***264,240***
Fully diluted earnings per share	**1.18**	**0.86**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to performance conditions.

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17. | PROVISIONS AND OTHER NON-CURRENT LIABILITIES

	AS OF DECEMBER 31,	
(in millions of euros)	**2011**	**2010**
Provisions	125.3	124.6
Other non-current liabilities	32.3	31.7
Total	**157.6**	**156.3**

Other non-current liabilities essentially comprise the fair value of derivative instruments at €22.9 million (€23.0 million at December 31, 2010) (see note 20.1) and debts related to profit sharing schemes for French employees in the amount of €9.4 million (€8.7 million at December 31, 2010).

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
At January 1, 2010	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**
Change in consolidation scope	–	–	(3.4)	–	**(3.4)**
Increase	22.4	2.4	6.8	11.1	**42.7**
Use	(27.7)	(5.1)	(33.9)	(19.0)	**(85.7)**
Release	(2.2)	(5.7)	(1.0)	(2.7)	**(11.6)**
Translation differencies	1.7	0.7	1.5	2.0	**5.9**
Other changes	(2.7)	0.4	(1.8)	(0.4)	**(4.5)**
At December 31, 2010	**29.2**	**22.4**	**19.9**	**53.1**	**124.6**
Change in consolidation scope	(0.3)	–	1.4	(3.1)	**(2.0)**
Increase	15.5	1.6	15.7	15.3	**48.1**
Use	(20.3)	(2.8)	(1.7)	(16.4)	**(41.2)**
Release	(0.3)	(1.5)	(3.7)	(0.7)	**(6.2)**
Translation differencies	(0.2)	–	(0.1)	1.9	**1.6**
Other changes	(5.2)	–	(3.2)	8.8	**0.4**
At December 31, 2011	**18.4**	**19.7**	**28.3**	**58.9**	**125.3**

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, 2011, mainly concerned, Europe for €15.3 million (€11.2 million in 2010), North America for €2.4 million (€8.3 million in 2010) and Asia-Pacific for €0.4 million (€0.7 million in 2010).
- Tax litigation concerned mainly France for €16.8 million (€15.2 million in 2010) and Canada for €2.5 million (€4.0 million in 2010).
- Other litigations and warranty claims amounted to €28.3 million, of which €8.8 million relating to litigation with French social security authorities, €4.3 million relating to warranty claims for products sold (€7.6 million in 2010), €6.6 million for employee claims (€2.6 million in 2010) and €2.2 million for commercial litigations (€2.7 million in 2010). In 2010, change in provisions mainly related to settlement of the Ceteco proceedings for €29.8 million, following the settlement agreement concluded on February 8, 2010.
- Provisions for lease commitments related to vacant properties concerned mainly the United Kingdom for €41.5 million (€41.2 million in 2010), the United States for €10.7 million (€5.0 million in 2010) and France for €2.7 million (€2.9 million in 2010). This provision in the United Kingdom included a €27.6 million reserve for onerous contract in relation to closure of a distribution centre operated by Hagemeyer and various lease contracts for vacant properties amounting to €13.9 million.

18. | EMPLOYEE BENEFITS

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 retirement plans are in Canada, the United Kingdom, the United States, The Netherlands and Switzerland, and are managed through vehicles independent of the Group. In France and Italy, the obligations principally concern lump-sum payments on retirement and long service awards (jubilees), and are usually unfunded.

The change in the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	DEFINED BENEFIT OBLIGATIONS	
	2011	2010
At the beginning of the period	**1,133.2**	**1,040.3**
Service cost	14.2	16.2
Interest cost	55.2	54.7
Benefit payments	(53.2)	(51.1)
Employee contributions	4.0	3.5
Actuarial (gain) loss	19.8	14.2
Change in consolidation scope	15.6	(1.8)
Translation differencies	18.5	59.6
Curtailment /settlement and other	(1.3)	(2.4)
At the end of the period	**1,206.0**	**1,133.2**

The change in the fair value of the defined benefit plan assets breaks down as follows:

(in millions of euros)	PLAN ASSETS	
	2011	2010
At the beginning of the period	**920.7**	**845.7**
Employer contributions	34.3	28.9
Employee contributions	4.0	3.5
Return on plan assets	29.0	47.3
Benefit payments	(53.2)	(51.1)
Change in consolidation scope	12.0	–
Translation differencies	13.8	46.4
At the end of the period	**960.6**	**920.7**

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:

(in millions of euros)	AS OF DECEMBER 31,				
	2011	2010	2009	2008	2007
Defined benefit obligations	**1,206.0**	**1,133.2**	**1,040.3**	**924.1**	**461.6**
of which Funded schemes	*1,096.2*	*1,030.5*	*951.1*	*842.1*	*370.6*
of which Unfunded schemes	*109.8*	*102.7*	*89.2*	*82.0*	*91.0*
Fair value of plan assets	(960.6)	(920.7)	(845.7)	(728.7)	(353.1)
Funded status	**245.4**	**212.5**	**194.6**	**195.4**	**108.5**
Unrecognized actuarial gains and losses	(123.5)	(80.9)	(62.2)	(61.9)	14.4
Effect of the asset ceiling	–	–	–	–	2.7
Recognized net liability for defined benefit obligations	**121.9**	**131.6,**	**132.4**	**133.5**	**125.6**
of which "Employee benefits"	*166.2*	*174.6*	*173.8*	*175.4*	*125.6*
of which "Other financial assets" (1)	*(44.3)*	*(42.8)*	*(41.4)*	*(41.9)*	–

(1) Of the €44.3 million surplus of the defined benefit plan assets over liabilities, €43.4 million relates to the Hagemeyer post-employment scheme in The Netherlands which is subject to minimum funding rules. Pursuant to the plan, the Company is entitled to contribution holidays when the funding ratio is beyond 175%, and a refund of 80% of the surplus when the ratio is above 225% or upon termination of the plan for the amount of the surplus. As a result, no asset ceiling was recognized at December 31, 2011 or at December 31, 2010.

The expense recognized in the consolidated income statement breaks down as follows:

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Service costs (1)	14.2	16.2
Interest costs (2)	55.2	54.7
Expected return on plan assets (2)	(50.2)	(46.7)
Curtailment and settlement (3)	–	(3.6)
Amortization of actuarial gains / losses (1)	3.2	1.7
Other (1)	(1.6)	1.0
Expense recognized	**20.8**	**23.3**

(1) Recognized as personnel costs (see note 6).
(2) Recognized as net financial expenses (see note 8).
(3) Recognized as other income and expenses (see note 7).

The main actuarial assumptions at the date of the most recent actuarial valuation are as follows:

	EURO ZONE		UNITED KINGDOM		CANADA		UNITED STATES		SWITZERLAND	
(in %)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Discount rate (1)	5.21	5.22	5.00	5.50	4.48	5.34	5.00	5.25	2.75	2.75
Expected return on plan assets (2)	5.15	5.15	6.60	6.60	6.35	6.75	7.75	7.75	3.60	3.60
Future salary increases	3.00	2.50	3.50	3.50	3.00	3.00	NA	NA	2.00	2.00
Future pension increases	2.00	2.00	2.65	2.55	2.00	2.00	NA	NA	1.00	1.00

(1) Discount rates have been set by reference to market yields on high quality corporate bonds with a similar duration to the underlying obligation. Discount rates were determined based on a database developed by Rexel's actuary which includes several hundreds of AA corporate bonds with durations from one year to approximately 30 years. For each plan, expected benefit payments are discounted using the rate that matches the plan duration. Then the database computes a single rate that, when applied to cash flows of all plans, retrieves the same present value of the aggregated cash flows of each individual plan.
(2) As a general rule, the expected long-term return on assets has been calculated according to the weighted average of expected return on bonds and equities. The expected return on bonds has been assumed equal to the applicable discount rate as set out above. Expected return on equities was determined on the basis of the discount rate plus a 3% risk premium.

Sensitivity analysis

As of December 31, 2011, a 25 basis points decrease in discount rates would result approximately in a €39 million increase in the present value of the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result approximately in a €2.3 million increase in the expense.

As of December 31, 2011, a 1% inflation rate increase in medical costs would translate approximately to a €5.8 million increase in the present value of the health care plan obligation.

As of December 31, 2011, the weighted average allocation of Group funds invested for retirement plans by type of investment is as follows: 39% in stocks, 45% in bonds and 16% in other investment categories.

19. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of December 31, 2011. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

(in millions of euros)	AS OF DECEMBER 31, 2011 CURRENT	2011 NON-CURRENT	2011 TOTAL	2010 CURRENT	2010 NON-CURRENT	2010 TOTAL
Senior Notes	–	1,181.4	1,181.4	–	669.5	669.5
Credit Facilities	–	30.6	30.6	–	761.5	761.5
Securitization	105.9	973.5	1,079.4	–	1,067.6	1,067.6
Bank loans	39.7	8.1	47.8	6.6	1.9	8.5
Commercial paper	104.8	–	104.8	56.9	–	56.9
Bank overdrafts and other credit facilities	86.0	–	86.0	66.6	–	66.6
Finance lease obligations	6.8	22.9	29.7	5.7	7.2	12.9
Accrued interests (1)	10.0	–	10.0	5.2	–	5.2
Less transaction costs	(19.8)	(33.9)	(53.7)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	***333.5***	***2,182.6***	***2,516.0***	***122.0***	***2,463.5***	***2,585.5***
Cash and cash equivalents			(413.7)			(311.9)
Derivatives fair value			(24.1)			(0.3)
Net financial debt			**2,078.2**			**2,273.3**

(1) Of which accrued interests on Senior Notes for €3.5 million as of December 31, 2011 (€2.5 million as of December 31, 2010).

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19.1.1 Senior Notes

Notes due 2016

On December 21, 2009, Rexel had issued senior unsecured notes for a nominal sum of €575 million (the “Notes”). The funds raised were used to refinance part of the debt obligation relating to the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually on June 15 and December 15, starting from June 15, 2010. The notes will mature on December 15, 2016. On January 20, 2010, Rexel issued €75 million of senior unsecured notes in addition to the original Notes issued on December 21, 2009 for a total amount of €575 million. The additional notes fully assimilated to the original notes issued on December 21, 2009 pay interest at a rate of 8.25% and are redeemable on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

These Notes are guaranteed by certain of Rexel’s subsidiaries. The Notes and all of Rexel’s existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt. The Notes are redeemable in whole or in part at any time prior to December 15, 2013 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, 2013, 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, 2013	104.125%
December 15, 2014	102.063%
December 15, 2015 and after	100.000%

In addition, at any time on or prior to December 15, 2012, the Notes are redeemable up to 35% of the outstanding principal amount with the net proceeds from an equity offering of new Rexel shares.

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. These Notes are guaranteed by certain of Rexel’s subsidiaries. The Notes and all of Rexel’s existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

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	103.50%
June 17, 2016	101.75%
June 17, 2017 and after	100.00%

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, 2011, the fair value of Senior Notes is hedged for an amount of €450 million. Their value has been adjusted to reflect interest rate fluctuations on the hedged part.

19.1.2 Senior Credit Agreement

On December 21, 2009, Rexel entered into a €1,700 million credit facilities agreement which provides for two facilities:

– Facility A, a three-year multi-currency revolving credit facility, for an initial maximum amount of €600 million,

– Facility B, a five-year multi-currency revolving credit facility, for an initial maximum amount of €1,100 million.

During the financial year ended December 31, 2010, the maximum commitment corresponding to Facilities A and B under the 2009 Senior Credit Agreement was reduced by €40 million in July 2010 (decreasing from €600.0 million to €586.0 million for Facility A and from €1,100.0 to €1,074.0 million for Facility B) following execution of a bilateral €40.0 million Term Loan Agreement on July 28, 2010. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2009 Senior Credit Agreement.

The maximum commitment corresponding to Facility A and the bilateral Term Loan Agreement was reduced by €200.0 million in December 2010 and a further €200.0 million in December 2011 (decreasing from €586.0 million to €195.4 million for Facility A and from €40.0 million to €30.6 million for the bilateral Term Loan Agreement), in accordance with contractual provisions.

As of December 31, 2011, facilities under the Senior Credit Agreement were fully reimbursed and remained available for Rexel. The bilateral facility was drawn down in full for €30.6 million as follows:

CREDIT FACILITY	COMMITMENT *(in millions of euros)*	BALANCE DUE AS OF DECEMBER 31, 2011 *(in millions of euros)*
Facility A	195.4	–
Facility B	1,074.0	–
2009 Senior Credit Facilities subtotal	**1,269.4**	**–**
Bilateral facility	30.6	30.6
TOTAL	**1,300.0**	**30.6**

Interests and margin

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio.

At December 31, 2011 the applicable margin stood at 2.00% for Facility A and 2.25% for Facility B.

The margin applicable varies in accordance with the ranges in which the *Pro Forma* Leverage Ratio (as defined below) falls at the end of each semester as set out below:

LEVERAGE RATIO	FACILITY A MARGIN	FACILITY B MARGIN
Greater than or equal to 5.00:1	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1	1.75%	2.00%
Less than 2.50:1	1.50%	1.75%

In addition, the applicable margin shall be increased by a utilization fee equal to:

– 0.25% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and

– 0.50% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

Rexel shall also pay a commitment fee in the base currency computed at the rate of 40% of the applicable margin on that lender's available commitment under each facility.

Covenant (*Pro Forma* Leverage Ratio)

The *Pro Forma* 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, *pro rata* 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;
- 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.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels on the dates indicated:

DATE	INDEBTEDNESS RATIO
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2011, this ratio was 2.40, in compliance with the provisions of the Senior Credit Agreement.

Other undertakings

The Senior Credit Agreement contains covenants relating to limits on capital expenditure and restrictions on dividend payments when the *Pro Forma* Leverage Ratio exceeds 4.00:1.

Other covenants

The Senior Credit Agreement contains certain covenants that restrict the capacity of Group companies, 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.

Prepayment

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 borrowers and guarantors.

19.1.3 Securitization programs

The Rexel Group runs several securitization programs presented in the table below, which enable it to obtain financing at a lower cost than issuing bonds or 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 the off-balance sheet US program such as disclosed in note 11.2, 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.

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, 2011, Rexel had satisfied all of these covenants.

On December 19, 2011 Rexel entered into a new securitization program in France, the United Kingdom and Australia to replace the previous one originally matured in February 2012. This program is for a maximum amount of €425 million over a five-year period.

The features of Rexel's securitization programs including the off-balance sheet programs are summarized in the table below:

	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2011	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2011	BALANCE AS OF DECEMBER 31, 2011	BALANCE AS OF DECEMBER 31, 2010	
PROGRAM	*(in millions of currency)*			*(in millions of euros)*		REPAYMENT
2011 – Europe and Australia (1)	EUR 425.0	EUR 610.1	EUR 428.6	428.6	444.8	16/12/2016
United States	USD 470.0	USD 579.3	USD 373.9	289.0	278.0	23/12/2014
Canada	CAD 140.0	CAD 270.3	CAD 140.0	105.9	105.1	13/12/2012
2008 - Europe	EUR 450.0	EUR 509.5	EUR 358.7	358.7	337.3	17/12/2013
TOTAL				**1,182.2**	**1,165.3**	
Of which:						
– on balance sheet				1,079.4	1,067.6	
– off-balance sheet (Ester program)				102.8	97.7	

(1) Securitization program subscribed in 2011, replacing the previous program initiated in 2005.

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of December 31, 2011, the total outstanding amount authorized for these securitization programs was €1,344.2 million, of which €1,182.2 million was utilized.

19.1.4 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, 2011, the company had issued €104.8 million of commercial paper (€56.9 million as of December 31, 2010).

19.2 Change in net financial debt

As of December 31, 2011 and 2010, the change in net financial debt was as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2011**	**2010**
At January 1	**2,273.3**	**2,401.2**
Issuance of Senior Notes	500.0 (1)	76.7 (2)
Bonds buy back	(11.3)	–
Net change in Term Loan facilities	(695.9)	(407.8)
Transaction costs	(10.4)	(5.0)
Net change in other credit facilities and bank overdrafts	94.4	32.5
Net change in credit facilities	**(123.1)**	**(303.6)**
Net change in securitization	(5.0)	(34.3)
Net change in finance lease liabilities	16.5	(5.2)
Net change in financial liabilities	***(111.6)***	***(343.1)***
Change in cash and cash equivalents	(145.9)	14.6
Translation differences	22.3	154.3
Change in consolidation scope	14.3	10.1
Amortization of transaction costs	20.0	17.4
Other changes	5.8	18.8
At December 31	**2,078.2**	**2,273.3**

(1) On May 27, 2011, Rexel issued €500 million senior unsecured Notes bearing interest at the rate of 7% that mature on December 17, 2018 (see note 19.1.1).

(2) On January 20, 2010, Rexel issued €75 million notes in addition to the notes of €575 million issued on December 21, 2009, which bear interest at the rate of 8.25% and mature on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

20. | MARKET RISKS AND FINANCIAL INSTRUMENTS

20.1 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% 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:

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
Senior Notes and other fixed rate debt	1,168.2	670.6
Floating to fixed rate swaps	1,330.0	1,286.4
Fixed to floating rate swaps	(475.0)	(475.0)
Active Interest rate options – Collars (1)	–	721.3
Sub-total fixed or capped rate debt after hedging	**2,023.3**	**2,203.3**
Floating rate debt before hedging	1,323.6	1,914.4
Floating to fixed rate swaps	(1,330.0)	(1,286.4)
Fixed to floating rate swaps	475.0	475.0
Active Interest rate options – Collars (1)	–	(721.3)
Cash and cash equivalents	(413.7)	(311.9)
Sub-total current floating rate debt after hedging	**54.9**	**70.0**
Total net financial debt	**2,078.2**	**2,273.3**

(1) Interest rate options for which one of the exercise prices (cap or floor) is in the money.

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million into variable rate debt. Out of these derivatives, €450.0 million have been classified as fair value hedges.

As of December 31, 2011, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FLOATING RATE PAID (RECEIVED)	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING VARIABLE RATE					
Euro	450.0	December 2016	(2.73%)	3M EURIBOR	26.2
SWAPS PAYING FIXED RATE					
Euro	150.0	March 2012	2.19%	(3M EURIBOR)	(0.3)
Euro	100.0	March 2013	2.29%	(3M EURIBOR)	(1.6)
Total					**24.3**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.2 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, 2011 represented a gain of €24.6 million, offset by a loss of €25.0 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 between March 2012 and March 2014. 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, 2011, 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	100.0	100.0	March 2012	3M EURIBOR	1.42%	(1.1)
	200.0	200.0	March 2014	1M EURIBOR	2.12%	(9.0)
Canadian dollar	100.0	75.6	September 2013	3M LIBOR	1.57%	(0.5)
	40.0	30.3	March 2013	3M LIBOR	2.72%	(0.6)
American dollar	140.0	108.2	March 2013	3M LIBOR	2.82%	(2.9)
British pound	25.0	29.9	March 2012	3M LIBOR	1.97%	(0.1)
Total		**544.0**				**(14.2)**

(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, 2011 was recorded as a €8.2 million increase in cash flow hedge reserve (before tax).

Derivatives designated as cash flow hedge of the Senior Notes

On May 9 and 11 2011, Rexel entered into the following derivative instruments to fix, within certain limits, the interest rate of the €500 million notes issuance when the issuance of such notes became highly probable:

- a collar of swaptions for a nominal amount of €250 million, covering a 7-year period and composed of a cap at 3.25% and a floor at 3.10%;
- a swap for a nominal amount of €250 million, with a 7-year maturity at a rate of 3.21%.

These derivatives were qualified as cash flow hedge until the bond issuance occurred on May 27, 2011. Since then, these instruments have been considered as trading and therefore are not eligible for hedge accounting until their discontinuation.

The change in fair value of these derivatives from the subscription until the bond issuance incurred a loss of €3.2 million. The ineffective portion of the hedging instruments was recorded as a financial expense of €0.9 million and the effective portion was recognized as other comprehensive income for €2.3 million. This amount will be reclassified to profit and loss until the maturity of the Senior Notes.

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						
Canadian dollar	30.0	22.7	March 2013	3M LIBOR	2.72%	(0.4)
Swiss franc	40.0	32.9	March 2013	3M LIBOR	0.94%	(0.4)
	90.0	74.0	March 2014	3M LIBOR	0.81%	(1.3)
Swedish krona	500.0	56.1	September 2012	3M STIBOR	2.59%	(0.1)
American dollar	100.0	77.3	September 2012	3M LIBOR	3.18%	(1.5)
	140.0	108.2	March 2013	3M LIBOR	2.82%	(2.9)
	100.0	77.3	September 2014	3M LIBOR	1.56%	(1.7)
Euro	25.0	25.0	December 2016	3M EURIBOR	1.85%	(0.4)
	62.5	62.5	May 2018	6M EURIBOR	3.21%	(5.7)
Total		**536.0**				**(14.6)**
SWAPS PAYING VARIABLE RATE						
Euro	25.0	25.0	December 2016	(3M EURIBOR)	(2.89%)	1.7

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.3 million.

Derivatives that are not eligible for hedge accounting mainly relate to dequalifying instruments following the partial repayment of the senior credit facilities as a result of the issuance of the €500 million Senior Notes. The discontinuation of the hedging relationship resulted in the reclassification of the cumulative loss recognized in cash flow hedge reserve to profit and loss account for €13.1 million, of which €12.1 million relates to swaps denominated in US dollar, €0.4 million in Canadian dollar, and €0.7 million in Swiss franc (see note 8).

Sensitivity to interest rate variation

As of December 31, 2011, 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 €8.6 million and a €6.8 million increase in equity before tax effect.

20.2 Foreign exchange risk

Forward contracts

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

Currency options

In addition, since the presentation of the financial statements is in euros, the Group is required to translate income and expenses denominated in other currencies into euros in preparing its financial statements at average exchange rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the exchange rate translation risk. These instruments are qualified as held for trading under IAS 39.

As of December 31, 2011, the notional value of foreign exchange derivatives was €931.8 million (€1,219.0 million of forward sales and €287.2 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €6.4 million. The change in fair value of forward contracts for the period ending December 31, 2011 was recorded as financial expense of €5.9 million, as operating income of €0.7 million and as positive variation of cash flow hedge reserve of €1.1 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 €276.4 million and a decrease (increase) in operating income before other income and other expenses of €13.1 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, 2011 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €74.0 million and €96.6 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 KRONA	SWEDISH KRONA	BRITISH POUND	SWISS FRANC	OTHER CURRENCY	TOTAL
Financial liabilities	1,832.6	204.7	109.2	109.8	1.1	0.9	173.7	0.5	59.4	2,491.9
Cash and cash equivalents	(295.8)	(50.6)	(0.0)	(0.5)	(9.4)	(2.5)	(11.9)	(0.5)	(42.6)	(413.7)
Net financial position before hedging	**1,536.8**	**154.1**	**109.2**	**109.3**	**(8.3)**	**(1.6)**	**161.8**	**–**	**16.8**	**2,078.2**
Impact of hedges	(939.0)	531.6	76.8	2.6	(33.1)	207.0	(157.8)	252.4	59.5	–
Net financial position after hedging	**597.8**	**685.7**	**186.0**	**111.9**	**(41.4)**	**205.4**	**4.0**	**252.4**	**76.3**	**2,078.2**
Impact of a 5% increase in exchange rates		*34.3*	*9.3*	*5.6*	*(2.1)*	*10.3*	*0.2*	*12.6*	*3.8*	*74.0*

20.3 Liquidity Risk

The €650 million Senior Notes, issued in December 2009 and January 2010, mature in December 2016, while the €500 million Senior Notes issued in May 2011 mature in December 2018. Credit facilities A and B under the Senior Credit Agreement and the bilateral credit agreement expire in December 2012 and December 2014 in the amounts of €200 million and €1,100 million respectively.

Moreover, these credit lines would become payable if Rexel failed to fulfill its commitments described in note 19.1.2.

Lastly, securitization programs mature in 2012, 2013, 2014 and 2016. 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.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2011	2010
DUE WITHIN		
One year	353.3	140.9
Two-years	363.4	553.5
Three years	225.1	334.6
Four years	7.3	941.1
Five years	1,114.2	1.8
Thereafter	506.4	676.8
Total financial debt	**2,569.7**	**2,648.7**
Transaction costs	(53.7)	(63.2)
Financial debt	**2,516.0**	**2,585.5**

As of December 31, 2011, 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	483.7	(6.6)	477.1
Two-years	490.3	1.0	491.3
Three years	334.7	4.0	338.7
Four years	107.8	3.0	110.8
Five years	1,209.8	1.5	1,211.3
Thereafter	576.4	(0.3)	576.1
Total financial debt	**3,202.6**	**2.7**	**3,205.3**

In addition, the trade accounts payable amounted to €1,903.3 million as of December 31, 2011 (€1,866.2 million as of December 31, 2010) and are due in less than one year.

20.4 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 impairment amounted to €2,122.9 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 €443.2 million as of December 31, 2011 (€321.1 million as of December 31, 2010), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €453.1 million (€404.7 million as of December 31, 2010) and mainly corresponds to supplier discounts receivable.

21. | SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	CATEGORY IAS 39	HIERARCHY	AS OF DECEMBER 31, 2011 CARRYING AMOUNT	2011 FAIR VALUE	2010 CARRYING AMOUNT	2010 FAIR VALUE
Bonds	AC	1	1,181.4	1,149.3	669.5	718.3
Other financial debts, including accrued interest	AC		1,334.6	1,334.6	1,916.0	1,916.0
Total financial liabilities			**2,516.0**	**–**	**2,585.5**	**–**
Hedging derivatives (1)	NA	2	11.2	11.2	23.0	23.0
Other derivatives	TR	2	11.6	11.6	–	–
Other liabilities (2)	NA		9.4	NA	8.7	NA
Total other non-current liabilities			**32.3**	**–**	**31.7**	**–**
Trade accounts payable	AC		1,903.3	1,903.3	1,866.2	1,866.2
Vendor rebates receivable	AC		115.2	115.2	101.7	101.7
Personnel and social obligations (2)	NA		261.4	NA	248.1	NA
VAT receivable and other sales taxes (2)	NA		73.9	NA	67.2	NA
Hedging derivatives (1)	NA	2	0.3	0.3	11.3	11.3
Other derivatives	TR	2	9.6	9.6	4.0	4.0
Other liabilities	AC		187.4	187.4	147.6	147.6
Deferred income (2)	NA		5.1	NA	4.2	NA
Total other debts			**652.9**	**–**	**584.1**	**–**

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

Financial liabilities – stated at amortized cost	AC
Held for trading	TR
Fair value through profit or loss	FV
Not applicable	NA

22. | OPERATING LEASES

The following table details the Group's obligations in relation to operating lease contracts:

(in millions of euros)	PAYMENTS OUTSTANDING AS OF DECEMBER 31, 2011	2010
DUE WITHIN		
One year	189.6	185.2
Two-years	142.5	142.3
Three years	104.0	103.5
Four years	71.6	74.4
Thereafter	123.7	146.4
Total	**631.4**	**651.8**

The above table presents the minimum lease payments under non-cancelable leases of buildings and installations.

The total expense under operating lease contracts was €210.1 million for the year ended December 31, 2011 (€218.7 million as of December 31, 2010).

23. | 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)	2011	2010
Salaries and other short-term benefits	12.4	11.1
Post-employment benefits (service costs)	0.9	2.4
Indemnities at termination of contract	–	0.6
Free shares and stocks options (1)	3.8	2.2

(1) Share-based payment expense is detailed in note 15.1 “Free shares schemes”.

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 €13.4 million.

24. | LITIGATION

24.1 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.

Litigation relating to Elettroveneta

During 2007, Rexel Italia, an indirect subsidiary of Rexel, considered the acquisition of Elettroveneta, an Italian corporation operating mainly in the region of Veneto. In 2007, further to a disagreement on the price, the signature of the agreement was cancelled. On July 31, 2008, the shareholders of Elettroveneta filed a claim with the court of Monza against Rexel Italia, Rexel SA and its manager based on the allegation that an agreement on the price had been reached and that an agreement therefore existed between the parties despite the lack of signature.

Elettroveneta’s shareholders have filed a claim with the Court of Monza to be indemnified for the losses suffered, for a minimum amount of €24.8 million excluding interest. The Court of Monza recognized that it was not competent to rule on the matter and dismissed itself. The proceedings were reinstated soon thereafter by Elettroveneta before the Court of Milano. On November 15, 2011, the Court of Milano ruled in favor of Rexel.

On January 31, 2012, the parties entered into a transaction to settle any claim in connection with the possible acquisition of Elettroveneta by Rexel Italia and to the case filed before the Court of Milano. As part of this settlement Rexel Italia paid €160,000 to Elettroveneta’s shareholders.

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.

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.

24.2 Tax litigation

The principal tax proceedings involving Group companies as of December 31, 2011 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, 2007 amounts to €52.1 million. All reassessments have been challenged by Manudax Belgium.

The statute of limitations has expired for claims against Manudax’s shareholder. Accordingly, the recoverable amount is limited by the Manudax assets under liquidation, a value estimated at €14 million. Since the Group’s shareholding in Manudax has been entirely written down, Rexel considers that the outcome of this litigation should not impact its financial condition.

Rexel Développement

In 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier

& Rice Inc., Eurazeo and Merrill Lynch Global Partners Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to have been rendered in the business interests of the company and are classified as constructive dividends. The taxes reassessed amounted to €22 million including interest for late payment, and a notice was issued to this effect in February 2010. As Rexel Développement's claim against the reassessment was dismissed, it filed an application with the Administrative Court in December 2010. A provision has been set aside for the full amount of the corresponding tax expense by writing down deferred tax assets for the corresponding part of tax losses carried forward, as well as a provision for risks.

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 an income tax reassessment of €18 million, which is covered in full by a provision. The case was referred to the Administrative Court in March 2011.

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 allege that Ray Finance LP enjoyed a privileged tax regime and accordingly, reject 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.

24.3 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.

Warranties given in connection with the sale of Hagemeyer Brands Australia Pty Limited

Effective on July 28, 2011, the Group sold to Shriro Australia Pty Ltd its subsidiary, Hagemeyer Brands Australia Pty Ltd, a company involved in the distribution of kitchen appliances in Australia for an amount of AUD54 million. The Group provided to the purchaser certain warranties limited to a maximum amount of AUD21.6 million for business liabilities and AUD43.2 million for tax liabilities. Warranty of business liabilities expires over a 18-month period and warranty for tax claim over a 5-year period after completion of the sale transaction.

Warranties given in connection with the sale of Kompro B.V.

Effective on September 30, 2011 the Group sold to the management its multi-function printer businesses operated by Kompro B.V., in The Netherlands, for a total consideration of €5.3 million of which €0.6 million converted in a vendor subordinated loan due 2016. The Group granted to the purchaser warranty for liabilities limited to €4.7 million and expiring over 12 months after completion of the transaction.

Tax warranties

In connection with previous divestment transactions, the Group is committed to indemnify the purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.

As of December 31,2011, 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 before taxes 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 Company retained certain liabilities of the businesses which related to events occurring prior to their sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Company 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 Company. According to the purchase and sale agreement, the Company will be released from its obligations under these warranties over a 15-year period with the final obligations being released in 2016.

25. | EVENTS AFTER THE REPORTING PERIOD

On February 1, 2012, the Group acquired 100% of the issued and outstanding shares of Liteco Inc., the largest independent distributor of electrical supplies in Atlantic Canada which posted sales of circa €50 million in 2011.

26. | CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2011

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel S.A.	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
Société Logistique Appliquée S.N.C.	Paris	100.00
Rexel Financement S.N.C.	Paris	100.00
Rexel Amérique latine S.A.S.	Paris	100.00
SCI Adour Bastillac	Paris	70.00
SCI CM Immobilier	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Bastia	100.00
Bizline S.A.S.	Paris	100.00
Citadel S.A.S.	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa 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
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Simple System GmbH & Co KG	Munich	20.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deuthschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
CDME UK Ltd	Potters Bar	100.00
Rexel Senate Ltd	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00
Martines Ltd	Potters Bar	100.00
Power Industries Ltd	Erdington	100.00

	HEAD OFFICE	% INTEREST
Clearlight Electrical Ltd	Erdington	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00
Senate Group Ltd	Potters Bar	100.00
John Godden Ltd	Potters Bar	100.00
Sunbridge TradingCo. Ltd	Potters Bar	100.00
Sunbridge Electrical Wholesalers Ltd	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Dagenham	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00
Neilco Ltd.	Birmingham	100.00
Warrior (1979) Ltd.	Birmingham	100.00
Newey & Eyre International Ltd.	Birmingham	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00
A&A Security Technologies Limited	Birmingham	100.00
Defiance Contractor Tools Limited	Birmingham	100.00
J&N Wade Limited	Dagenham	100.00
Blackstone Holdings Limited	Dagenham	100.00
OLC Limited	Dagenham	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00
OLC (Holdings) Ltd.	Dagenham	100.00
Sweden		
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00
Storel AB	Lila edet	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		
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer NV	Hoofddorp	100.00

	HEAD OFFICE	% INTEREST
Rexel NCE Supply Solutions B.V.	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	Agrate Brianza	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Belgium		
Rexel Belgium S.A.	Brussells	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd	Dublin	100.00
M Kelliher 1998 Ltd	Dublin	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00
Portlaoise Electrical Wholesale Ltd	County Laois	100.00
Gen-Weld safety EquipementCy Ltd	Limerick	100.00
Newey & Eyre (Ireland) Ltd	Dublin	100.00
Switzerland		
Rexel Holding Switzerland S.A. (1)	Sion	100.00
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.	Prostejov	100.00
Slovakia		
Hagard Hal AS	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services LLC	Budapest	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		
Elektroskandia Suomi Oy	Hyvinkää	100.00

(1) Formerly Finelec Développement SA.

	HEAD OFFICE	% INTEREST
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100.00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00

SOUTH AMERICA

Peru		
REXEL PERU S.A.C.	Lima	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Rexel Electra SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Elektroskandia Indústria E Commércio Lta.	São Paulo	100.00
Nortel Suprimentos Industrias S.A.	Campinas	100.00
MRO IMPORTACOES LTDA.	Curitiba	100.00

NORTH AMERICA

United States		
Rexel International Projects Group, Inc.	Dallas	100.00
Rexel Holdings USA Corp. (1)	Wilmington	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00
SPT Holdings Inc.	Dallas	100.00
Summers Group Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Branch Group Inc.	Dallas	100.00
Southern Electric Supply Company Inc.	Dallas	100.00
Consolidated Electrical Supply Limited	Freeport	99.80
General Supply & Services Inc.	Shelton	100.00
Gesco General Supply & Services Puerto Rico LLC	Puerto Rico	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.	St Laurent	100.00
Mexico		
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00

(1) Formerly International Electrical Supply Corp.

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	HEAD OFFICE	% INTEREST
Bermuda		
HCL Limited	Hamilton	100.00
ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd	Hong Kong	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00
Waelchli & Co Ltd	Hong Kong	100.00
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 Electric Trading 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	63.50
Shanghai Suhua Industrial Control Equipment Co Ltd	Shanghai	63.50
Beijing LuckyWell-ZN Electrical Co Ltd	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co Ltd	Beijing	65.00
India		
Yantra Automotion Private Limited	Pune	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
QI-YI General Supply & Services Macau Ltd	Macau	100.00
Korea		
Gexpro korea Co Ltd	Seoul	100.00
Indonesia		
P.T. Sutra Hacelindo	Jakarta	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00
Pt General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00
Japan		
Rexel Japan KK	Tokyo	100.00
Singapore		
Gexpro Supply Asia Pte Ltd	Singapore	100.00
Rexel South East Asia Pte. Ltd	Singapore	100.00
Thailand		
Rexel General Supply and Services Co Ltd	Bangkok	49.00
Australia		
Rexel Pacific Pty (1)	Sydney	100.00
Rexel Group Australia Pty (2)	Sydney	100.00

(1) Renamed Rexel Holdings Australia Pty. Ltd on January 1, 2012.
(2) Renamed Rexel Electrical Supplies Pty. Ltd on January 1, 2012.

	HEAD OFFICE	% INTEREST
Australian Regional Wholesalers Pty Ltd	Milton	100.00
EIW Holding Pty Ltd	Perth	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00
New Zealand		
Hagemeyer (NZ) Ltd	Auckland	100.00
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

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.

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.

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young Audit
1, place des Saisons
TSA 14444
92037 Paris La Défense Cedex
S.A.S. à capital variable

Rexel S.A.

Registered office: 189-193 boulevard Malesherbes – 75017 Paris

Share capital: €1,344,098,795

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and your annual general meeting, we hereby report to you, for the year ended December 31, 2011 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 your management board *(Directoire)*. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. 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, 2011 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.

2. 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.

As disclosed in note 2.2 to the consolidated financial statements, the Group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (notes 2.10.4 and 20), goodwill and intangible assets (notes 2.5, 2.8 and 10.1), employees' benefits (notes 2.14 and 18), share-based payments (notes 2.15 and 15), provisions and contingent liabilities (notes 2.16, 17 and 24) and deferred taxation (notes 2.20 and 9). We have examined the data and assumptions used as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the Group and verified that the notes to the consolidated financial statements provide appropriate disclosure.

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.

3. 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.

Paris La Défense, February 9, 2012

The statutory auditors

French original signed by

KPMG Audit	Ernst & Young Audit
A division of KPMG S.A.	
Hervé Chopin	Pierre Bourgeois
Partner	*Partner*

6 COMPANY 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 company financial statements and the relevant audit report for the year ended December 31, 2010 which is included in pages 149 to 167 of the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011, under number D.11-027 2, as supplemented by the update to the *Document de Référence* filed with the *Autorité des marchés financiers* on April 28, 2011, under number D.11-0272-A01; and
- the company financial statements and the relevant audit report for the year ended December 31, 2009 which is included in pages 144 to 160 of the *Document de Référence* registered by the *Autorité des marchés financiers* on April 21, 2010, under number R.10-024.

6.1 COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

Income statement

		FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	NOTE	2011	2010
Operating revenues		**2.5**	**2.6**
Other purchases and outside services		(19.5)	(17.7)
Taxes other than income taxes		(2.0)	(0.1)
Other expenses		(10.4)	(5.7)
Depreciation, amortization and increases in provisions		(18.3)	(8.7)
Loss from operations	(3.1)	**(47.7)**	**(29.6)**
Dividend income		–	–
Other financial revenues (from short-term investments, loans and exchange gains)		128.7	139.9
Decrease in financial provisions, transfer of expenses		4.3	–
Total financial revenues		**133.0**	**139.9**
Interest and related expenses and exchange losses		(128.2)	(115.8)
Increase in financial provisions	(3.2)	–	(4.3)
Total financial expenses		**(128.2)**	**(120.1)**
Net financial income		**4.8**	**19.8**
Income from ordinary activities		**(42.9)**	**(9.8)**
Non-recurring income (expense), net	(3.3)	**0.3**	**–**
Profit before tax		**(42.6)**	**(9.8)**
Income taxes	(3.5)	**93.1**	**69.7**
Net income		**50.5**	**59.9**

Balance sheet

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
ASSETS			
Intangible fixed assets		**–**	**–**
Tangible fixed assets		**–**	**–**
Land		–	–
Buildings		–	–
Long-term financial assets		**4,824.9**	**5,001.2**
Investments in related companies		2,074.9	2,083.2
Other securities		–	–
Loans and other long-term financial assets		2,750.0	2,918.0
Fixed assets	(4.1)	**4,824.9**	**5,001.2**
Trade accounts receivable	(4.2)	3.2	3.1
Other accounts receivable	(4.2)	105.2	209.8
Short-term investments, cash and bank	(4.2)	38.4	15.4
Adjustment accounts			
Prepayments		0.2	–
Deferred charges	(4.2)	33.4	35.8
Unrealized exchange rate losses		–	89.8
Current assets		**180.4**	**353.9**
Total assets		**5,005.3**	**5,355.1**

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2011	2010
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,344.1	1,301.1
Share premiums		1,412.2	1,383.7
Legal reserve		29.5	26.5
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		32.1	15.1
Retained earnings		360.7	409.0
Net income for the period		50.5	59.9
Stockholders' equity	(4.3)	**3,229.1**	**3,195.3**
Provisions		**13.4**	**4.3**
Bonds	(4.4)	1,143.6	654.1
Borrowings from financial institutions	(4.4)	135.7	819.6
Other financial debt	(4.4)	381.7	534.7
Trade accounts payable		1.8	1.5
Other operating liabilities		100.0	60.1
Deferred income		–	–
Unrealized exchange rate gains		–	85.5
Liabilities	(4.4)	**1,762.8**	**2,155.5**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**5,005.3**	**5,355.1**

Company results over the last five years (as required by articles 133, 135 and 148 of the French commercial decree)

(in euros)	FROM JANUARY 1 TO DECEMBER 31, 2007	2008	2009	2010	2011
SHARE CAPITAL AT YEAR END					
Share capital	1,279,969,135	1,279,969,135	1,291,100,090	1,301,064,980	1,344,098,795
Number of issued shares	255,993,827	255,993,827	258,220,018	260,212,996	268,819,759
Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
Sales, excluding sales taxes	–	2,604,595	1,849,311	2,567,134	2,528,803
Net income before taxes, depreciation and provisions	70,685,207	118,400,447	33,837,296	3,270,940	(24,069,187)
Income taxes	(70,633,285)	(63,936,902)	(52,412,705)	(69,665,297)	(93,128,578)
Net income	140,202,897	180,143,870	88,487,825	59,954,913	50,512,277
Earnings distributed [(1)]	94,717,716	–	–	105,188,813	173,048,841
EARNINGS PER SHARE					
Earnings per share after taxes but before depreciation and provisions	0.55	0.71	0.33	0.28	0.26
Earnings per share after taxes, depreciation and provisions	0.55	0.70	0.34	0.23	0.19
Dividend paid per share	0.37	–	–	0.40	0.65
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 16, 2012.

Principal subsidiaries and other investments

DECEMBER 31, 2011 *(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	1,366.8	233.0	100.00%	2,074.9	2,074.9	1,506.0		316.9	0.0	49.0
		1,366.8	233.0		2,074.9	2,074.9	1,506.0		316.9	0.0	49.0
TOTAL		**1,366.8**	**233.0**		**2,074.9**	**2,074.9**	**1,506.0**		**316.9**	**0.0**	**49.0**

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, 2011 are presented with comparative amounts for the year ended December 31, 2010 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 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". Net unrealized losses are provided for.

2.3 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses.

2.4 Bonds

Bonds issue costs are amortized over the life of bonds.

2.5 Key events of the period

– On May 27, 2011 in addition to the bonds issue achieved in 2009 and 2010, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. They are listed on the Luxembourg Stock Exchange.

– During the period ended December 31, 2011, the maximum commitment corresponding to Facility A and the bilateral Term Loan Agreement was reduced by €200.0 million in December 2011 (from €390.7 million to €195.4 million for Facility A and from €35.3 million to €30.6 million for bilateral line), the commitment of Facility B remains unchanged.

3. | NOTES TO THE INCOME STATEMENT

3.1 Operating revenues and expenses

Operating income amounts to €2.5 million (€2.6 million in 2010) and relates principally to services provided to subsidiaries.

Operating expenses amount to €50.2 million (€32.2 million in 2010) and mainly comprise fees and other expenses for €10.3 million (€6.9 million in 2010), personnel costs for €10.2 million (€5.5 million in 2010), bank charges for €11.4 million related in part to the non use of the Facilities A and B under Senior Credit (€11.2 million in 2010), and depreciation of loans issue costs and contingency and loss provision for €18.3 million (€8.6 million in 2010).

3.2 Net financial income

Net financial income amounts to €4.8 million (€19.8 million in 2010), comprising:

– €133.0 million of financial income (€139.9 million in 2010) relating principally to interests on loans to its subsidiaries for an amount of €51.9 million, Rexel Développement for an amount of €74.5 million, write back of provision for an amount of €4.3 million and other financial incomes for €2.3 million.

– €128.2 million of financial expenses (€120.1 million in 2010) relating principally to the interests of the senior unsecured notes for €73.9 million, the 2009 Senior Credit Agreement and bilateral line for €10.5 million, the commercial paper for €3 million, the current account with the company Rexel Développement for €15.4 million, the cost of guarantees granted by subsidiaries for €16.9 million, the foreign exchange losses for €6.9 million and the result of sales of Rexel's shares for €1.0 million, these shares being held in accordance with the share repurchase programme (see in paragraph 4.2).

3.3 Non-recurring income and expenses

Non-recurring income amounted to €0.3 million in 2011 (none in 2010).

3.4 Compensation of company officers

Board attendance fees paid to company officers during 2011 amount to €0.2 million (€0.2 million in 2010).

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Compensation paid to company officers in 2011, amounts to €3.9 million (€3.1 million in 2010).

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 recognized by Rexel as the head of the tax Group. Rexel has recognized an income of €93.1 million for 2011 (€69.7 million in 2010). The tax losses carried forward of the tax consolidation group amount to €456.3 million as of December 31, 2011 (€458.1 million in 2010).

4. | NOTES TO THE BALANCE SHEET

4.1 Changes in fixed assets

(in millions of euros)	COST OR VALUATION, JANUARY 1, 2011	INCREASE	DECREASE	COST OR VALUATION, DECEMBER 31,2011
Intangible fixed assets	–	–	–	–
Tangible fixed assets	–	–	–	–
Long-term financial assets:				
– Investments in related companies	2,083.2		8.3	2,074.9
– Loans and other long-term financial assets	2,918.0	54.0	222.0	2,750.0
Sub-total	**5,001.2**	**54.0**	**230.3**	**4,824.9**
TOTAL	**5,001.2**	**54.0**	**230.3**	**4,824.9**

Long-term financial assets

Investments in related companies

The decrease in related companies refers to sales of Rexel Distribution's shares for €8.3 million to Rexel Développement, realized in the frame of merger between both companies.

Loans and others long-term financial assets

Rexel granted on March 1, 2010 loans to some subsidiaries, at the end of December 2011, the loans were the following:

	BALANCE AS OF DECEMBER 31, 2011 *((in millions of currency)*	CURRENCY	BALANCE AS OF DECEMBER 31, 2011 *(in millions of euros)*	DUE DATE
Selga	1,600.0	SEK	179.5	17/12/2014
Redeal Limited	10.0	NZD	6.0	17/12/2014
Elektro Material AG	180.0	CHF	148.1	17/12/2014
Elektro Scandia Norway	1,673.1	NOK	215.8	17/12/2014
HGM Finland		EUR	145.9	17/12/2014
Rexel Holding USA Corp.	710.0	USD	548.7	17/12/2014
Rexel Développement		EUR	1,506.0	17/12/2014
TOTAL			**2,750.0**	

Amounts drawn bear interest at a rate determined in reference to the NIBOR rate when funds are made available in Norwegian Krone, 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 opposite:

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 amounted to 3.15% in 2011 against 3.65% in 2010.

4.2 Other information relating to assets

Currents assets

(in millions of euros)	TOTAL DECEMBER 31, 2011	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Trade accounts receivable	3.2	3.2	–	–
Currents accounts receivable	9.5	9.5	–	–
Income tax receivable	94.5	94.5	–	–
Other receivable	1.2	1.2	–	–
TOTAL	**108.4**	**108.4**	**–**	**–**

Short-term investments, cash and bank

This item is mainly composed by:

1. Own shares acquisition costs for attribution plans, as of December 31, 2011 1,975,000 shares held for an amount of €23.7 million.
2. 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, 2011, 615,773 shares held and allocated to price stabilization of stock exchange value, amount to a gross value of €8.1 million. The balance of this contract consists of €6.5 million of cash and cash equivalents.

Deferred charges

Deferred charges amount to €51.5 million and relate to the issuing costs of the notes issued in December 2009 (€15.8 million) of the notes issued in May 2011 (€7.1 million) and to the Senior Credit Agreement implemented in on December 21, 2009 (€28.6 million). These costs are depreciated over the life of financing. The net book value amounts to €33.4 million.

4.3 Stockholders' equity

(in millions of euros)	JANUARY 1, 2011	RESERVES	APPROPRIATION OF THE 2010 NET INCOME	INCREASE IN SHARE CAPITAL	2011 NET INCOME	DECEMBER 31, 2011
Share capital	1,301.1	1.3	26.9	14.8	–	1,344.1
Share premiums	1,383.7	(18.3)	59.1	(12.3)	–	1,412.2
Legal reserve	26.5	–	3.0	–	–	29.5
Others reserves	15.1	17.0	–	–	–	32.1
Retained earnings	409.0	–	(48.3)	–	–	360.7
Net income for the year	59.9	–	(59.9)	–	50.5	50.5
TOTAL	**3,195.3**	**0.0**	**(19.2)**	**2.5**	**50.5**	**3,229.1**

Changes in equity during 2011 concern:

1. On April 12, 2011, the capital was increased to €12.9 million with an issuance of 2,590,621 shares with a par value of €5 each. This increase results of the acquisition of 2,590,621 shares through the 2007 free shares plan, and has been recorded by offsetting the share premium.
2. On May 12, 2011, the company's Management Board decided to allocate an amount of €10.4 million to the other reserves by offsetting the share premium for 2,082,748 free shares granted at a par value of €5 each.
3. On May 12, 2011, the capital was increased to €1.3 million with an issuance of 268,416 shares with a par value of €5 each. This increase results of the acquisition of 268,416 shares through the 2009 free shares plan, and has been recorded by offsetting the other reserves.
4. The Annual General meeting held on May 19, 2011 approved a resolution appropriating the 2010 result as follows: €3.0 million to the Legal reserve and distribution of €105.2 million, in cash for an amount of €19.2 million and by issuance of new shares for an amount of €86.0 million. The capital was increased to €26.9 million with an issuance of 5,376,107 shares with a share premium of € 59.1 million. The fees stemming from this capital increase, amounting to €0.4 million are deducted from the share premium.
5. On October 31, 2011, the capital was increased to €0.1 million with an issuance of 24,467 shares with a par value of €5 each. This increase results of the acquisition of 24,467 shares through the 2007 free shares plan, and has been recorded by offsetting the share premium.
6. On October 11, 2011, the company's Management Board decided to allocate an amount of €8.4 million to the other reserves by offsetting the share premium for 1,684,029 free shares granted at a par value of €5 each.
7. During the year 2011, 70,200 options regarding the 2005 stock option plan were exercised with issuance of 70,200 shares and an increase of capital of €0.2 million. During the year 2011, 276,952 options regarding the 2006 stock option plan were exercised with issuance of 276,952 shares and an increase of capital of €1.4 million, along with a share premium of €1.2 million.
8. The net profit for the year 2011 amounts to €50.5 million.

At the end of December 2011, the company's share capital amounts to €1,344,098,795 represented by 268,819,759 shares each with a par value of €5.

4.4 Other information relating to liabilities

(in millions of euros)	TOTAL DECEMBER 31, 2011	DUE WITHIN ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER MORE THAN 5 YEARS
Bonds	1,143.6	3.8	0.8	1,139.0
Borrowings from financial institutions	135.7	109.8	25.9	–
Other financial debt	381.7	381.7	–	–
Trade accounts payable	1.8	1.8	–	–
Other operating liabilities	100.0	100.0	–	–
Unrealized exchange rate gains	–	–	–	–
TOTAL	**1,762.8**	**597.1**	**26.7**	**1,139.0**

Bonds

On December 21, 2009, Rexel issued €575 million senior unsecured notes (the "Notes"), the proceeds of which were applied to partially refinance the previous Senior Credit Agreement initially borne by other Group subsidiaries. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, commencing on June 15, 2010. The notes will mature on December 15, 2016.

On January 20, 2010 in addition to the bond issue achieved on December 21, 2009, Rexel issued €75 million senior unsecured notes. The senior unsecured notes are fully assimilated to the ones issued on December 21, 2009. They pay interest at a rate of 8.25% and are redeemable on December 15, 2016.

The Notes are senior unsecured obligations of Rexel and are guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The Notes rank *pari passu* with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt.

The Notes are redeemable in whole or in part at any time prior to December 15, 2013 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, 2013, 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, 2013	104.125%
December 15, 2014	102.063%
December 15, 2015 and after	100.000%

In addition, at any time on or prior to December 15, 2012, the Notes are redeemable up to 35% of the outstanding principal amount of Notes with the net proceeds from one or more specified equity offerings.

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.

2009 Senior Credit Agreement

On December 21, 2009, in connection with the refinancing transactions, Rexel entered into, as borrower, a €1,700 million credit facilities agreement with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium SA, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and

Bank of America Securities Limited as Mandated Lead Arrangers, and CALYON as Facilities Agent.

During the period ended December 31, 2010, commitment of Facilities A and B under 2009 Senior Credit Agreement was reduced by €235.3 million (from €600 million to €390.7 million for Facility A and from €1,100 million to €1,074 million for Facility B) following execution of a bilateral line €40 million Term Loan Agreement on July 28, 2010. Terms and conditions under this Term Loan Agreement are similar to those applied for 2009 Senior Credit Agreement.

- Facility A, which is a three-year multicurrency revolving credit facility. The maximum commitment corresponding to Facility A was reduced by €195.3 million in December 2011 (decreasing from €390.7 million to €195.4 million), in accordance with contractual provisions.
- Facility B, which is a five-year multicurrency revolving credit facility. The maximum initial amount of Facility B is €1,074 million.
- Bilateral Term Loan Agreement decreasing from €40 million to €35.3 million in December 2010, then decreasing from €35.3 million to €30.6 million in December 2011 in accordance with contractual terms.

As of December 31, 2011, facilities and their use under the Senior Credit Agreement are as follows:

CREDIT FACILITY (TERM LOAN)	COMMITMENT *(in millions of euros)*	BORROWER	BALANCE DUE AS OF DECEMBER 31, 2011 *(in million of local currency)*	CURRENCY	BALANCE DUE AS OF DECEMBER 31, 2011 *(in millions of euros)*
Facility A	195.4	Rexel SA			
Facility B	1,074.0	Rexel SA			
Sub-total	**1,269.4**				**–**
Bilateral line	30.6	Rexel SA	30.6	EUR	30.6
TOTAL	**1,300.0**				**30.6**

Interests and margin

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio.

The margin applicable varies in accordance with the ranges in which the *Pro Forma* Leverage Ratio (as defined below) falls at the end of each semester as set out below:

LEVERAGE RATIO	FACILITY A MARGIN	FACILITY B MARGIN
Greater than or equal to 5.00:1	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1	1.75%	2.00%
Less than 2.50:1	1.50%	1.75%

At December 31st, 2011 the applicable margin stood at 2.0% for Facility A and 2.25% for Facility B.

In addition, the applicable margin shall be increased by an utilisation fee equal to:

- 0.25% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and
- 0.50% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

Rexel shall also pay a commitment fee in the base currency computed at the rate of 40% of the applicable margin on that lender's available commitment under each facility.

Covenant (Pro Forma Leverage Ratio)

The *Pro Forma* 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, *pro rata* 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;
- 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.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the *Pro Forma* Leverage Ratio below the following levels:

DATE	INDEBTEDNESS RATIO
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2011, this ratio was 2.40, thus satisfying the covenant.

Other undertakings

The Senior Credit Agreement includes certain undertakings relating to limitations of the level of capital expenditures and restrictions of the payment of dividends, so long as the *Pro Forma* ratio Adjusted Consolidated Net Debt relative to adjusted consolidated EBITDA is above 4.00:1.

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, 2011, under this program, €105 million were outstanding.

Other financial debts

Other financial debts relate mainly to the current account with the company Rexel Développement.

4.5 Amounts due to and from related parties

As of December 31, 2011, balances with related parties were as follows:

(in millions of euros)

ASSETS		LIABILITIES	
Investments in related companies	2,074.9	Other financial debt	381.7
Loans and other long-term financial assets	2,750.0	Trade accounts payable	0.9
Trade accounts receivable	3.2	Other liabilities	72.1
Other accounts receivable	9.5		
EXPENSES		**INCOME**	
Financial expenses	32.3	Financial income	126.4
		Income tax	93.3

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5. | ADDITIONAL INFORMATION

5.1 Commitments

The Senior Credit Agreement 2009 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 borrowers and guarantors.

The notes rank *pari passu* with Rexel's new senior credit facility and is guaranteed by certain of Rexel's subsidiaries which also guarantee the obligations of Rexel under the new senior credit facilities.

Trust Deed contracts, entered into on December 21, 2009, completed by a First Supplemental Trust Deed entered into on January 20, 2010, and on May 27, 2011 between Rexel, certain of Rexel's subsidiaries and BNP Paribas Trust Corporation UK Limited. These agreements were entered into in the context of a notes issuance by Rexel in an amount of €650 million and €500 million. They provide for the terms under which BNP Paribas Trust Corporation 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 December 2, 2009, December 10, 2009, January 8, 2010 and May 11, 2011.

5.2 Employees

The staff of the company is composed by five corporate officers.

5.3 Information on stock options and free share plans

The Extraordinary 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 division by 2 the par value and doubling the number of options):	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

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 of 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 division by 2 the par value and doubling the number of options):	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

Concurrently with the IPO, Rexel entered into several free share plans for its top executives, and key employees amounting to a total of 5,022,190 shares on April 11, 2007.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares:

1. two years after the granting date (April 12, 2009), these being restricted during an additional two-year period (April 12, 2011). All of these shares were allocated in 2009;
2. or four years after granting date with no restrictions. The issuance of these free shares is subject to service and performance conditions.

On October 29, 2007, Rexel entered into a second free share plan for key employees amounting to a total of 33,991 shares which have the same characteristics as the plan dated April 11, 2007.

On June 23, 2008, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,541,720 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010), these being restricted during an additional two-year period (June 24, 2012), or four years after the granting date (June 24, 2012), with no restrictions subsequently.

On October 1, 2008, Rexel entered into a second free share plan for its top executives, and key employees to a maximum of 66,241 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (October 2, 2010), these being restricted during an additional two-year period (October 2, 2012), or four years after the granting date (October 2, 2012), with no restrictions subsequently.

On May 11, 2009, Rexel entered into several free share plans for its top executives and key managers amounting to a total 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	PLAN GRANTED IN 2008	PLAN GRANTED IN 2007
Maximum number of shares granted initially	1,372,166	1,607,961	5,056,181
Cancelled in 2007 due to presence not satisfied			(74,726)
Maximum number of shares alived on December 31, 2007 and not yet delivered	**0**	**0**	**4,981,455**
Cancelled in 2008 due to presence not satisfied		(34,919)	(184,425)
Maximum number of shares alived on December 31, 2008 and not yet delivered		**1,573,042**	**4,797,030**
Cancelled in 2009 due to presence not satisfied	(27,517)	(191,852)	(16,018)
Cancelled in 2009 due to performance not satisfied	(195,676)	(831,291)	
Delivery in 2009			(2,159,291)
Maximum number of shares alived on December 31, 2009 and not yet delivered	**1,148,973**	**549,899**	**2,621,721**
Cancelled in 2010 due to presence not satisfied	(96,140)	(22,393)	
Delivery in 2010		(147,763)	
Maximum number of shares alived on December 31, 2010 and not yet delivered	**1,052,833**	**379,743**	**2,621,721**
Cancelled in 2011 due to presence not satisfied	(16,002)		(6,633)
Delivery in 2011	(268,416)		(2,615,088)
Maximum number of shares alived on December 31, 2011 and not yet delivered	**768,415**	**379,743**	**0**

On May 11, 2010, Rexel entered into several free share plans for its top executives and key managers amounting to a total 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.

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2011
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.	868,218
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.	503,377
As of December 31, 2011		**1,371,595**

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 these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 12, 2013), these being restricted for an additional two-year period (until May 12, 2015), the so-called "Plan 2+2", or four years after the granting date (May 12, 2015), with no subsequent restrictions, the so-called "Plan 4+0". 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, 2011
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.	811,317
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	586,041
Operating managers	Two-year service condition from the implementation	462,375
As of December 31, 2011		**1,859,733**

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 these plans, 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 "Plan 2+2", or four years after the granting date with no subsequent restrictions (October 11, 2015), the so-called "Plan 4+0". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

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BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2011
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.	282,217
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	34,117
As of December 31, 2011		**316,334**

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 these plans, 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 "Plan 3+2", or five years after the granting date with no subsequent restrictions (October 11, 2016), the so-called "Plan 5+0".

The delivery of these shares is subject to service and share performance on the stock market:

BENEFICIARIES	VESTING CONDITIONS	MAXIMUM NUMBER OF SHARES ALIVED ON DECEMBER 31, 2011
Top executives and managers	Three-year service condition from the implementation and share performance on the stock market	840,334
Other key managers	Three-year service condition from the implementation and share performance on the stock market	502,976
As of December 31, 2011		**1,343,310**

The unit value used as the basis of social contribution of 14% amounts to €7.17.

5.4 Tax litigation

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 to Ray Finance LP (subsidiary of Ray Investment SARL) 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. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

5.5 Auditors' fees

The auditors' fees amount to €1.1 million for 2011 compared with €1.2 million in 2010.

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 as of December 31, 2011

None.

6.2 STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English-speaking users.

The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's 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 shareholders.

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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France
S.A.S. à capital variable

Rexel S.A.

Registered office: 189-193, boulevard Malesherbes – 75017 Paris

Share capital: €1,344,098,795

Statutory auditors' report on the financial statements

Year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decisions, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of Rexel S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Management Board *(Directoire)*. Our role is to express an opinion on these financial statements based on our audit.

1. 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, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. 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.

As disclosed in note 2.1 to the financial statements, the utility value valuation of financial investments is based on net cash-flows of subsidiaries' indebtedness. 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.

3. 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 *(Directoire)*, and in the documents addressed to 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 favour, 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 has been properly disclosed in the management report.

Paris La Défense, March 8, 2012

The statutory auditors

French original signed by

KPMG Audit
A division of KPMG S.A.
Hervé Chopin

Ernst & Young Audit
Pierre Bourgeois

7 CORPORATE GOVERNANCE

Rexel is a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board.

7.1 MANAGEMENT AND SUPERVISORY BODIES

7.1.1 Management Board

7.1.1.1 Composition 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.

The Management Board comprises the following 4 members:

Rudy Provoost (52 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 0

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 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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:	TITLES AND DUTIES OUTSIDE THE REXEL GROUP:
Current: – Member and Chairman of the Management Board – Director of Rexel France – Director of Rexel North America, Inc. – Director and President of Rexel Holdings USA Corp.	*Current:* – Director of Vlerick Leuven Gent Management School *Over the five last financial years:* – Member of the Management Board of Philips – Director of EICTA (Digital Europe) – Director of LG Philips LCD – Director of TCL Corporation – Director of EFQM

Michel Favre (53 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 48,983

EXPERIENCE AND EXPERTISE

Member of the Management Board

Michel Favre has served on Management Board of Rexel since May 20, 2009 and was renewed in his functions on May 19, 2011.

He began his career in 1983 with Banques Populaires as an inspector. In 1988, after two years in consulting, he joined the Valeo group where he acted as Director of Financial Control for several successive divisions before becoming CFO for several branches between 1991 and 1997. Promoted to CEO of the Climate Control Division France in 1997, he became CEO of the Lighting-Signal Systems division in 1999. In 2001 he joined Altadis Group as Chief Financial and Administrative Officer. From September 2006 to March 2009, Michel Favre had been Chief Financial and Administrative Officer of Groupe Casino. Michel Favre is a graduate of HEC. He joined the Rexel Group and was appointed Chief Financial Officer and Group Senior Vice-President in April 2009.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
May 20, 2009	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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

– Director of Rexel France
– Director of Svenska Elgrossist AB SELGA
– Director of Rexel UK Ltd
– Director of Redeal Ltd (now Rexel New Zealand Limited)
– Director of Elektroskandia Norge AS
– Director of Rexel International Projects Group, Inc (IPG)
– Director of REXEL RE SA

Over the five last financial years:

– Director of Rexel Distribution

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Over the five last financial years:

– Director of Mercialys
– Director of Companhia Brasileira de Distribuicao Brazil
– Chairman of Casino Restauration
– Chairman of Banque Casino
– CEO of SEITA

Pascal Martin (55 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 469,616

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.

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 France (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, Director of the Latin America region in 2004 and Senior Vice-President, Business Development and Corporate Operations of Rexel Distribution in 2005. Since 2007, Pascal Martin has been a member of the Management Board and Group Senior Vice-President Business Development and Corporate Operations. Pascal Martin holds an engineering degree from ENSAM and is a graduate of ICG.

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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
- Chairman of Citadel
- Chairman of Bizline
- Chairman of the Board of Directors of Nortel Suprimentos Industriais SA
- Director of Rexel International Projects Group, Inc. (IPG)

Over the five last financial years:
- Director of Rexel, Inc.
- Member of the Management Board of Hagemeyer
- Chairman of Comrex Ouest
- Chairman of Rexel Amérique latine
- Director of General Supply & Services, Inc.
- Director of Kelliher 1998, Ltd.
- Director of Comrex International Trading (Shanghai) Co. Ltd.
- Director of Rexel Electra S.A.
- Director of Rexel Chile S.A.
- Director of Flores y Kersting
- Director of Rexel Distribution

NO TITLE OR DUTY EXERCISED OUTSIDE THE REXEL GROUP

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Jean-Dominique Perret (64 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 322,306

EXPERIENCE AND EXPERTISE

Member of the Management Board

Jean-Dominique Perret has served on the Management Board of Rexel since February 13, 2007 and was renewed in his functions on May 19, 2011.

He began his career with Asea Brown Boveri in 1973. In 1975, he joined Schlumberger Services Pétroliers, where he held operational positions in the Middle East, Asia, Africa and South America as Profit Center Manager, Country or Regional Director and lastly, in January 1991, as Regional Director for Latin America. In 1993, he became Sales Engineering Director for Eastern Europe at Air Liquide. In 1994, he was promoted to Human Resources Director of several entities of the Air Liquide group. In 2001, Jean-Dominique Perret was appointed Group Senior Vice-President, Human Resources. Between 2008 and 2010, Jean-Dominique Perret carried out, in addition to his officership, the duties of Group Delegate Latin America. Since January 1, 2011, Jean-Dominique Perret has been appointed Group Delegate for International Businesses. Jean-Dominique Perret is Chairman of the association EChr – European Club for human resources (Belgium). Jean-Dominique Perret holds an engineering degree from *École Centrale Marseille* and is a graduate of the *Institut de l'Administration des Entreprises* (IAE).

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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
- Director of Rexel Senate Limited
- Director of Rexel Chile S.A.
- Director of Rexel Electra S.A.
- Director of Flores y Kersting
- Chairman of Rexel Amérique latine
- Director of Rexel NCE BV
- Director of Nortel Suprimentos Industriais SA
- Chairman of the Board of Directors of Rexel Peru S.A.C.
- Director of Cosa Liebermann B.V.
- Director of Hagemeyer Holdings (Australia) Pty Ltd

Over the five last financial years:
- Member of the Management Board of Hagemeyer
- Director of Rexel Material Electrico

NO TITLE OR DUTY EXERCISED OUTSIDE THE REXEL GROUP

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In the course of the financial year ended 2011, **Jean-Charles Pauze** served as member and Chairman of the Management Board. He ceased to exercise his functions on February 13, 2012.

Jean-Charles Pauze (64 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 1,086,754

EXPERIENCE AND EXPERTISE

Jean-Charles Pauze headed Rexel beginning in 2002. He left his functions as Chairman and member of the Management Board on February 13, 2012. Jean-Charles Pauze had been a member of the Management Board of Rexel since February 13, 2007.

He began his career with Total in 1971. In 1974, he joined the Alfa Laval group. He was appointed CEO of that company in France in 1981 and CEO of its subsidiary Brand & Luebbe in Germany in 1984. He then moved to the Strafor Facom group as Chairman and CEO of Clestra-Hauserman in 1986 and Chairman and CEO of Steelcase Strafor in 1991. In 1998, Jean-Charles Pauze was appointed Chairman of the Management Board of Guilbert (PPR Group). Jean-Charles Pauze graduated from IDN-EC Lille with an engineering degree. He holds a Master of science in economics and a Master of Business Administration from INSEAD.

TERM OF OFFICE

Jean-Charles Pauze was a member and the Chairman of the Management Board until February 13, 2012.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
– Director of Rexel Senate Limited

Over the five last financial years:
– Chairman and member of the Management Board of Rexel
– Chairman of the Supervisory Board of Hagemeyer
– *Geschäftsführer* (Manager) of Rexel Deutschland Elektrofachgrosshandel GmbH
– *Geschäftsführer* (Manager) of Galatea Einhund-ertvierzigste VermögensverwaltungsGmbH
– Director of Rexel, Inc.
– Director of General Supply & Services, Inc.
– Director of Rexel Belgium S.A.
– Chairman of Rexdir S.A.S.
– *Geschäftsführer* (Manager) of Rexel Central Europe Holding GMBH
– Chairman and CEO of Rexel Distribution
– Director of Rexel France
– Chairman of Rexel North America, Inc.
– *Geschäftsführer* (Manager) of Rexel GmbH
– Director and Chairman of Rexel Holdings USA Corp.

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:
– Director of Redcats
– Director of Société de Commerce, Financement et Promotion – CFP
– Member of the Supervisory Board of CFAO
– Member of the Audit Committee of CFAO
– Member of the Appointment Committee of CFAO
– Chairman of the Board of Directors of Europcar

Over the five last financial years:
– Director of Discodis

7.1.1.2 Operation 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 general 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 general meeting;
- to carry out capital reductions pursuant to a delegation of authority from the extraordinary general meeting;
- to grant to employees of Rexel options to subscribe for 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.

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

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.

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 submit 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, Michel Favre is in charge of the following duties and/or departments: treasury, financing and credit management; management controls; financial communications; internal audit/control; consolidation and accounting; legal and political affairs in insurance; tax; transactions on fixed assets and/or property.

As a member of the Management Board, Pascal Martin is in charge of the following departments: marketing and commercial development; relationships with suppliers; IT systems; logistics and supply chain; large key international accounts; indirect purchases; strategic development; and mergers and acquisitions.

As a member of the Management Board, Jean-Dominique Perret is in charge of the following departments: human resources development; employee affairs; ongoing training and development; developing recruitment best practices; general services for the holding companies of the Rexel Group and the headquarters; general Rexel Group policies with respect to general services.

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.

7.1.2 | 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.

As of the date of this *Document de Référence,* the Supervisory Board was comprised of the following 11 members:

Roberto Quarta (62 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, member of the Nominations Committee and of the Compensation Committee

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007.

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 of Spie SA and a Non-Executive Director of Foster Wheeler AG. 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

From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
– Chairman of the Supervisory Board of Rexel
– Member of the Appointment Committee of Rexel
– Member of the Compensation Committee of Rexel

Over the five last financial years:
– 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.
– Director of Rexel Distribution
– Chairman of Ray Acquisition S.C.A. (now Rexel Développement)

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:
– Partner of CD&R LLP
– Chairman of the board of IMI plc
– Non-executive director of Spie SA
– Non-executive director of Foster Wheeler AG

Over the five last financial years:
– Chief Executive Officer of Clayton, Dubilier & Rice Limited
– Non-executive director of BAE Systems Plc
– Chairman of Italtel S.p.A.
– Chairman of BBA Group Plc
– Non-executive director of Azure Dynamic Corp
– Non-executive director of IMI plc

Patrick Sayer (54 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 and Chairman of the Appointment Committee

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007.

Patrick Sayer, Chairman of the Management Board of Eurazeo, was appointed in May 2002 to lead a new stage of the development of the company. With over €4 billion of diversified assets, a considerable investment capacity and a long-term investment period, Eurazeo is among the leading listed investment firms in Europe. Eurazeo is thus the majority or reference shareholder of Accor, ANF Immobilier, APCOA, Edenred, Elis, Europcar, Foncia, Moncler and Rexel. He was previously Managing Partner of Lazard Frères et Cie in Paris, which he joined in 1982, and Managing Director of Lazard Frères & Co. in New York, where he was in charge, in particular, of media and technology on a global basis. His investment experience started with the creation of Fonds Partenaires, which he supported from 1989 until 1993. Patrick Sayer is President of the Supervisory Board of ANF Immobilier, member of the Advisory Board of Apcoa Parking Holdings GmbH, member of the Board of Directors of Europcar Groupe, Director of Accor, Edenred, Elis, Moncler, member of the Board of Directors of Gruppo Banca Leonardo (Italy), former member of the Supervisory Board of *Paris Saint-Germain* (PSG), former Chairman (2006-2007) of *Association Française des Investisseurs en Capital* (AFIC), member of the Steering Committee of France Investissement, Director of the *Grand Théâtre de Provence* and the *Musée des Arts Décoratifs de Paris* and member of the *Club des Juristes*. Patrick Sayer is a graduate of *École Polytechnique* (1980) and *École des Mines de Paris* (1982).

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Patrick Sayer (54 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

TERM OF OFFICE

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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
– Deputy Chairman of the Supervisory Board of Rexel
– Chairman of the Appointment Committee of Rexel
– Member of the Strategic Committee of Rexel

Over the five last financial years:
– Director of Rexel Distribution
– Member of the Board of Directors of Ray Holding SAS (now Rexel)
– Member of the Board of Directors of Ray Acquisition S.A.S.

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:
– Chairman of the Management Board of Eurazeo
– Chairman of the Supervisory Board of ANF Immobilier
– Director of Moncler Srl
– Director of Accor
– Director of Edenred
– CEO of Immobilière Bingen
– CEO of Legendre Holding 8
– Member of the Advisory Board of APCOA Parking Holdings GmbH (Germany)
– CEO of Legendre Holding 19
– Member of the Board of Directors of Europcar Groupe SA (TBC)
– Director of Colyzeo Investment Advisors (UK)
– Chairman of Eurazeo Capital Investissement (formerly Eurazeo Partners)
– Manager of Investco 3d Bingen
– Member of the Board of Directors of Gruppo Banca Leonardo (Italy)
– Member of the Board of Directors of Hodelis
– Member of the Orientation board of France Investissement

Over the five last financial years:
– Director of SASP PSG Football
– Member of the Supervisory Board of SASP *Paris Saint-Germain Football*
– Deputy Chairman of the Supervisory Board of ANF Immobilier
– Manager of Euraleo (Italy)
– Permanent representative of ColAce on the Supervisory Board of Groupe Lucien Barrière
– CEO of Legendre Holding 11
– Chairman, Deputy Chairman and member of the Supervisory Board of B&B Hotels Group
– Director of Eutelsat SA
– Director of Eutelsat Communications
– Director of Ipsos
– Chairman of the *Association Française des Investisseurs en Capital* (AFIC)
– Member of the Board of Lazard LLC
– Chairman of the Board of Directors of Legendre Holding 18
– Chairman of the Board of Directors of BlueBirds Participations SA
– Managing partner of Partena
– Director of RedBirds Participations S.A.
– Manager of Investco 1 Bingen
– Chairman of the Supervisory Board of Fraikin Groupe
– Member of the Supervisory Board of *Presses Universitaires de France*
– Chairman of the Advisory Board of Perpetuum Beteiligungsgesellschaft GmbH (now APCOA Parking Holdings GmbH)
– Chairman of the Supervisory Board of APCOA Parking AG
– Chairman of the Board of Directors of Europcar Groupe SA

EURAZEO **represented by Marc Frappier** (38 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: – (not taking into account the shares indirectly held in Rexel through Ray Investment)

EXPERIENCE AND EXPERTISE

Eurazeo was co-opted by the Supervisory Board on August 1, 2007, to replace Xavier Marin. The co-option of Eurazeo as member of the Supervisory Board was approved by Rexel shareholders' meeting of May 20, 2008.

Marc Frappier has served as permanent representative of Eurazeo, member of the Supervisory Board of Rexel since July 30, 2008. Marc Frappier is a Manager within the investment team of Eurazeo. He was involved in the completion or the monitoring of the investments in Accor/Edenred, Apcoa, Rexel and Foncia. He began his carrier in 1996 as financial auditor within Deloitte & Touche. Between 1999 and 2006, he worked for The Boston Consulting Group (BCG) in Paris and Singapore, where he was in charge of various strategic and operational efficiency assignments within the industrial goods and services and energy sectors. He is an *Ingénieur Civil des Mines* and holds the DECF (*Diplôme d'Études Comptables et Financières*).

TERM OF OFFICE

From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

– Member of the Supervisory Board of Rexel

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

– Manager within Eurazeo's investment team
– Manager of Sphynx Sarl, Sphynx 1 Sarl, Sphynx 2 Sarl
– Director of Res 1 SA and Res 2 SA
– Member of the Supervisory Board of Foncia Groupe and member of the Supervisory Committee of Foncia Holding
– Deputy Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (Germany)
– Member of the Supervisory Board of Apcoa Parking AG (Germany)
– Manager of ECIP Elis Sarl (Luxembourg) and ECIP Agree Sarl (Luxembourg)
– Director of Eurazeo Management Lux (Luxembourg)

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Manfred Kindle (52 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

Manfred Kindle, has served on the Supervisory Board of Rexel since December 2, 2009. He was co-opted by the Supervisory Board on December 2, 2009 to replace Joseph L. Rice III. The ratification of the co-option of Manfred Kindle as member of the Supervisory Board was approved by Rexel's shareholders' meeting of May 20, 2010.

Manfred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a master's degree in engineering. He worked for Hilti AG in Liechtenstein from 1984 until 1986, and then enrolled at Northwestern University, Evanston, Illinois, where he earned an MBA. From 1988 until 1992 he was a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held several senior management positions. In 1999 he was appointed CEO of Sulzer Inc. and in 2001 CEO of Sulzer AG, where he also served as a board member. After joining ABB in 2004, Manfred Kindle was appointed CEO of ABB Group, a position he held until February 2008. He is then appointed partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. As a partner of that firm Manfred Kindle serves as Chairman of Exova Ltd., Chairman of BCA Group and as a member of the Supervisory Board of Rexel SA. He also sits on the board of Zurich Financial Services, Vermögens Zentrum Holding AG and Stadler Rail AG.

TERM OF OFFICE

From December 2, 2009 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:	TITLES AND DUTIES OUTSIDE THE REXEL GROUP:
Current: – Member of the Supervisory Board of Rexel	*Current:* – Chairman of the Board of Directors of Exova Ltd. – Chairman of the Board of Directors of BCA Group – Director of Zurich Financial Services – Director of Stadler Rail AG – Director of Vermögens Zentrum Holding AG

Luis Marini-Portugal (41 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

Luis Marini-Portugal has served as member of the Supervisory Board of Rexel since February 13, 2007 (date of first appointment).

Luis Marini-Portugal has been a member of the Executive Board of Eurazeo since 2008. He joined Eurazeo in 1999 and participated in a number of investments, including Foncia, B&B Hotels, Elis, Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo, Luis Marini-Portugal worked at JP Morgan in London and Paris in corporate advice and capital market transactions. Luis Marini-Portugal is Deputy Chairman of the Supervisory Board of Foncia Groupe and of the Supervisory Committee of Foncia Holding, member of the Management Board of Ray Investment and also serves as Chairman of the Board of Directors of Holdelis (Elis). Luis Marini-Portugal is a graduate of *Hautes Études Commerciales* (HEC) in Paris.

TERM OF OFFICE

From May 19, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014.

Luis Marini-Portugal

(41 years old)

PROFESSIONAL ADDRESS:
32, AVENUE DE MONCEAU – 75008 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel
– Member of the Compensation Committee of Rexel

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

– Member of the Executive Board of Eurazeo
– Deputy Chairman of the Supervisory Board of Foncia Groupe and Deputy Chairman of the Supervisory Committee of Foncia Holding
– Director of RES 1 SA and RES 2 SA
– Chairman of the Board of Directors of Holdelis
– Member of the Management Board of Ray Investment
– Manager of Investco 4i Bingen *(Société civile)*
– Manager of Investco 5 Bingen *(Société civile)*
– Director of Passerelles & Compétences *(Association)*
– Director of T&F *(Association)*
– CEO of Ray France Investment

Over the five last financial years:

– Chairman of the Supervisory Board of Groupe B&B Hotels
– Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat S.A.
– Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat Communications S.A.
– Director of Legendre Holding 17
– Director of Arabelle
– Director of RedBirds Participations
– Manager of Eurazeo Entertainment Lux Sarl

Angel L. Morales

(37 years old)

PROFESSIONAL ADDRESS:
NORTH COVE PARTNERS, LLC, 17 STATE STREET,
22ND FLOOR, NEW YORK NY 10004, UNITED STATES

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Appointment Committee and of the Strategic Committee

Angel L. Morales has served on the Supervisory Board of Rexel since June 16, 2011. Angel L. Morales was co-opted by the Supervisory Board to replace Matthew Turner. A draft resolution ratifying his co-option is submitted to the Shareholders’ Meeting.

Angel L. Morales is a Managing Partner of North Cove Partners, LLC, an investment advisor to Bank of America Merrill Lynch. Prior to June 2011, Angel L. Morales was a Managing Director and member of the Investment Committee of the BAML Capital Partners (“BAMLCP”) group at Bank of America Merrill Lynch. Angel L. Morales was a founding member of Merrill Lynch Global Private Equity, the private equity arm of Merrill Lynch & Co., Inc. (“Merrill Lynch”) prior to Merrill Lynch's merger with Bank of America. Angel L. Morales joined Merrill Lynch in 1996. Angel L. Morales is a director and Chair of the Audit Committee of Aeolus Re Ltd, a Bermuda-based reinsurance company. Angel L. Morales is also currently a director of Hertz Global Holdings, Inc., a global car and equipment rental company. Angel L. Morales was a director of Sentillion, Inc. prior to its sale to Microsoft Corp. in 2010. Angel L. Morales received his BA in Economics from Harvard University in 1996 and his MBA from Harvard Business School in 2000.

TERM OF OFFICE

From June 16, 2011 until the shareholders’ meeting deciding on the accounts for the financial year ending December 31, 2014.

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Angel L. Morales (37 years old)	PROFESSIONAL ADDRESS: NORTH COVE PARTNERS, LLC, 17 STATE STREET, 22ND FLOOR, NEW YORK NY 10004, UNITED STATES	NUMBER OF REXEL SHARES HELD: –

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
- Member of the Supervisory Board
- Member of the Strategic Committee of Rexel
- Member of the Appointment Committee of Rexel

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:
- Managing Partner, North Cove Partners
- Director & Executive Committee member, Hertz Global Holdings
- Director & Chair of Audit Committee, Aeolus Re Ltd.

Over the five last financial years:
- Director, VenInfoTel
- Board Observer, Validus
- Director, Sentillion
- Director, Atrium
- Director, Provo Craft
- Director, National Powersport Auctions LLC

David Novak (43 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 (date of first appointment).

David Novak is a Financial Partner of Clayton, Dubilier & Rice LLP. He joined Clayton Dubilier & Rice in 1997 after working in the Private Equity and Investment Banking divisions of Morgan Stanley & Co., Inc. and for the Central European Development Corporation, a Private Equity firm. David Novak is a Director of BCA as well as Director and Company Secretary of CD&R. He has been a director of Italtel S.p.A and of HD Supply. He is a graduate of Amherst College and the Harvard Business School.

TERM OF OFFICE

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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
- Member of the Supervisory Board of Rexel
- Member of the Audit Committee of Rexel
- Chairman of the Strategic Committee of Rexel

Over the five last financial years:
- Director of Rexel Distribution
- Member of the Board of Directors of Ray Acquisition S.A.S.

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:
- Director of BCA
- Member of the Management Board of Ray Investment
- Financial Partner of Clayton, Dubilier & Rice LLP

Over the five last financial years:
- Director of Italtel S.p.A.
- Director of HD Supply

Akshay Singh (33 years old)	PROFESSIONAL ADDRESS: NORTH COVE PARTNERS, LLC, 17 STATE STREET, 22ND FLOOR, NEW YORK NY 10004, UNITED STATES	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and of the Compensation Committee

Akshay Singh has served on the Supervisory Board of Rexel since June 16, 2011. Akshay Singh was co-opted by the Supervisory Board to replace Amaury Hendrickx. A draft resolution ratifying his co-option is submitted to the Shareholders' Meeting.

Akshay Singh is a Principal of North Cove Partners, LLC, an investment advisor to Bank of America Merrill Lynch. Prior to June 2011, Akshay Singh was a Vice-President of the BAML Capital Partners ("BAMLCP") group at Bank of America Merrill Lynch. Akshay Singh joined Merrill Lynch Global Private Equity (the predecessor to BAMLCP) in 2008. Prior to that, Akshay Singh worked in the investment banking division of Merrill Lynch. Before joining Merrill Lynch, Akshay Singh worked as a consultant with Deloitte Consulting. Akshay Singh is currently a member of the Supervisory Board of Euromedic International Group, a pan-European provider of medical services. Akshay Singh holds a technology degree from the Indian Institute of Technology Delhi and an MBA with high honors from The University of Chicago Booth School of Business.

TERM OF OFFICE

From June 16, 2011 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 FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:
– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel
– Member of the Compensation Committee of Rexel

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:
– Principal of North Cove Partners, LLC
– Member of the Management Board of Ray Investment
– Director and Chair of Audit Committee, Euromedic International Group

Over the five last financial years:
– Director of VenInfoTel LLC

Fritz Fröhlich* (70 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.

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. and Altana AG. He holds a doctorate in Economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

From April 4, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011.

* Independent members of the Supervisory Board.

Fritz Fröhlich* (70 years old)	PROFESSIONAL ADDRESS: SASCHSENSTR 25 – 42287 WUPPERTAL – GERMANY	NUMBER OF REXEL SHARES HELD: –

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:	TITLES AND DUTIES OUTSIDE THE REXEL GROUP:
Current: – 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	*Current:* – Chairman of the Supervisory Board of Randstad Holding N.V. – Chairman of the Supervisory Board of Altana A.G. – Member of the Supervisory Board of Allianz Nederland Groep N.V. – Member of the Supervisory Board of ASML N.V. – Member of the Supervisory Board of Prysmian SpA *Over the five last financial years:* – Chairman of the Supervisory Board of Draka N.V. – Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH – Member of the Supervisory Board of Kempen & Co N.V. – Member of the Supervisory Board of Gamma Holdings N.V.

François David* (70 years old)	PROFESSIONAL ADDRESS: 6, RUE AUGUSTE BARTHOLDI – 75015 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 was a civil administrator at the Department 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 has been the Chairman of Coface since July 1994 and since: Chairman of the Supervisory Board of Coface Deutschland (1996), Chairman of the Board of Directors of Coface Assicurazioni (1997), 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), Chairman of the Board of directors of Coface Services (since 2006). François David sits on the Board of Directors of Vinci and 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

From April 4, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011.

* Independent members of the Supervisory Board.

François David*

(70 years old)

PROFESSIONAL ADDRESS:
6, RUE AUGUSTE BARTHOLDI – 75015 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

– Member of the Supervisory Board
– Member of the Compensation Committee of Rexel
– Member of the Strategic Committee of Rexel

Over the five last financial years:

– Observer *(censeur)* of Rexel Distribution

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

– Chairman of the Board of Directors of Coface
– Chairman of the Board of Directors of Coface Services
– Chairman of the Board of Directors of CofaceAssicurazioni (Italy)
– Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany)
– Member of the Board of Directors of Vinci
– Member of the Supervisory Board of AREVA
– Member of the Supervisory Board of Lagardère SCA
– Member of the Board of Directors of the Coface Trade Aid association
– Member of the Board of Directors of Natixis Coficiné
– Member of the Supervisory Board of Galatée Films
– Chairman of the Centre d'études financières
– Chairman of Or Informatique
– Member of the *Conseil de l'Ordre National de la Légion d'honneur*

Over the five last financial years:

– Director of EADS
– Chairman of Coface ORT
– Chairman of La Librairie Electronique (LLE)

Françoise Gri*

(54 years old)

PROFESSIONAL ADDRESS:
25, RUE DES VAUSSOURDS – 92500 RUEIL-MALMAISON – FRANCE

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, Chair of the Compensation Committee and member of the Appointment Committee

Françoise Gri has served on the Supervisory Board of Rexel since May 20, 2010.

Françoise Gri is the President of ManpowerGroup France and Southern Europe. She spent the essential part of her carrier within the IBM group. In 1981, she joined IBM France as a sales engineer. In 1996, she became the manager of the marketing and commercial e-business solutions section with IBM EMEA (Europe, Middle East, Africa) before becoming in charge, in 2000, of the management of the commercial operations of IMB EMEA. In 2001, Françoise Gri became the Chief Executive Officer of IBM France and occupied these functions until 2007 before she was appointed as President of Manpower France in March 2007. In January 2011, Françoise Gri became the president of Southern Europe for Manpower (ManpowerGroup Southern Europe) – which comprises Spain, Portugal, Italy, Greece, Turkey and Israël – while continuing to assume the functions of President of Manpower France (which became ManpowerGroup France). In 2011, for the eighth consecutive year, Françoise Gri was part of the world's 50 most influential business women according to the ranking published each year by the US magazine *Fortune* ("The Global Power 50"). She is one of the eight French business women mentioned in this international ranking. She was awarded the decorations of *Chevalier de la Légion d'Honneur* in February 2008. She is also *Chevalier de l'Ordre National du Mérite*. She is a member of the ethical committee and of the employment committee of the MEDEF and vice-president of GPS (Groupement des Professions de Services), which is affiliated with the MEDEF, since March 2011. Françoise Gri is also a member of the Board of Directors of Edenred (previously Accor Services) since June 2010. Françoise Gri is a graduate of *École Nationale Supérieure d'Informatique et Mathématiques Appliquées* (ENSIMAG) in Grenoble (France).

TERM OF OFFICE

From May 20, 2010 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013.

* Independent members of the Supervisory Board.

Françoise Gri* (54 years old)	PROFESSIONAL ADDRESS: 25, RUE DES VAUSSOURDS – 92500 RUEIL-MALMAISON – FRANCE	NUMBER OF REXEL SHARES HELD: –

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:	TITLES AND DUTIES OUTSIDE THE REXEL GROUP:
Current: – Member of the Supervisory Board of Rexel – Chair of the Compensation Committee of Rexel – Member of the Appointment Committee of Rexel	*Current:* – President of ManpowerGroup France & Southern Europe – Executive Vice-President of ManpowerGroup – Member of the Board of Directors of Edenred – Member of the Ethics Committee of MEDEF – Vice-President of the GPS – Vice-President of the *Institut de l'Entreprise* – Counsel at the Conseil Economique, Social et Environnemental *Over the five last financial years:* – Chief Executive Officer of IBM France – Member of the Board of Directors of STX – Deputy Chair of *Fondation Agir Contre l'Exclusion* – Member of the Board of Directors of *École Centrale de Paris*

* Independent members of the Supervisory Board.

Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel since February 8, 2011. A draft resolution appointing Thomas Farrell as member of the Supervisory Board to replace Joe Adorjan is submitted to the Shareholders' Meeting. On November 8, 2011, Thomas Farrell was appointed as observer *(censeur)* of the Supervisory Board.

Thomas Farrell (55 years old)	PROFESSIONAL ADDRESS: LAFARGE SA – 61, RUE DES BELLES FEUILLES – 75016 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Observer *(censeur)* of the Supervisory Board

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

Thomas Farrell's appointment as member of the Supervisory Board is submitted to the approval of the Shareholders' Meeting, for a term of four years.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:	TITLES AND DUTIES OUTSIDE THE REXEL GROUP:
Current: – Observer *(censeur)* of the Supervisory Board of Rexel	*Current:* – Group EVP, Operations of Lafarge

The mandate of Roberto Quarta, Eurazeo, Manfred Kindle, François David and Fritz Fröhlich as members of the Supervisory Board will expire at the close of the Shareholders' Meeting. Draft resolutions for the purpose of renewing their term of office are submitted to such Shareholders' Meeting.

7.1.2.2 Operation of the Supervisory Board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. 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.

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, which was last updated on May 11, 2011, 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 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.

Powers of the Supervisory Board

Throughout the year, the Supervisory Board carries out those verifications and controls that it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

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 meetings of shareholders:

Each year, the Supervisory Board submits to the ordinary annual general 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 general 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

In accordance with the AFEP and MEDEF corporate governance principles, an independent member may not:

- be an employee or corporate officer of Rexel or of the Rexel Group, an employee or director of a shareholder that controls Rexel alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;
- be a corporate officer of a company in which Rexel directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of Rexel (incumbent or having held such position within less than five years) holds the office of director;
- be a customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment

banker (i) significant for Rexel or the Rexel Group; or (ii) for whom Rexel or the Rexel Group represents a significant portion of its business;

– have any family ties with any corporate officer of Rexel or the Rexel Group;
– have been an auditor of Rexel or of any Rexel Group company within the last five years;
– have served as a corporate officer of Rexel for more than 12 years; and
– receive or have received material additional compensation from Rexel or the Rexel Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of Rexel may be deemed to be independent if such shareholders do not control Rexel within the meaning of article L.233-3 of the French Commercial Code. However, when a member of the Supervisory Board represents a shareholder of Rexel that directly or indirectly owns more than 10% of Rexel's share capital or voting rights, the Supervisory Board, acting on a report of the Appointment Committee, shall systematically review the qualification of independence by taking into account the share ownership of Rexel and the existence of a potential conflict of interest.

The Supervisory Board may find that while one of its members fulfils the aforesaid criteria, he may not be designated as independent owing to his 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, 2011, three Supervisory Board members were independent: Françoise Gri, François David and Fritz Fröhlich.

It also results from this review that one member of the Audit Committee was independent during the year ended December 31, 2011 (Fritz Fröhlich). The Appointment Committee included two independent members during the year ended December 31, 2011 (Fritz Fröhlich and Françoise Gri). The Compensation Committee included three independent members during the year ended December 31, 2011 (François David, Françoise Gri and Fritz Fröhlich, being specified that the latter was appointed as member of the Compensation Committee on November 8, 2011). The Strategic Committee included one independent member during the year ended December 31, 2011 (François David).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel and of the committees. To replace him, a draft resolution appointing Thomas Farrell as member of the Supervisory Board is submitted to the Shareholders' Meeting. The Supervisory Board will deliberate on the appointment of Thomas Farrell as committee member once he has been appointed as member of the Supervisory Board.

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, Appointments Committee, Compensation Committee and Strategic Committee.

Assessment of organization and operation of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board assesses its own organization and operation.

The assessment conducted in respect of the financial year ended December 31, 2011 shows that the members of the Supervisory Board are globally satisfied with the membership, organization and functioning of the Supervisory Board and of the Committees of the Supervisory Board. In particular, members of the Supervisory Board have insisted on the quality of the information which has been communicated in respect of the various meetings of the Supervisory Board in a timely manner. The members of the Supervisory Board are of the opinion that the attendance to the meetings of the Supervisory Board was satisfactory. In addition, certain suggestions have been made in order to improve the work of the Supervisory Board, in particular with respect to (i) the composition of the Supervisory Board (increase the number of women, of independent members and of foreign members), (ii) the holding of the meetings of the Supervisory Board (adjust the number and the format of the meetings depending on the items discussed), (iii) the topics discussed during the meetings of the Supervisory Board and of the Committees (develop discussions on social and environmental matters, adjust the information provided in connection with contemplated acquisitions, develop discussions relating to strategy) and (iv) the organization and the functioning of the Strategic Committee (adjust the frequency and the duration of the meetings as well as the information provided on the basis of the topics discussed).

7.1.3 | Supervisory Board Committees

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.

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.

7.1.3.1 Audit Committee

The Audit Committee is made up of the following persons:

- Fritz Fröhlich (Chairman);
- David Novak;
- Luis Marini-Portugal, and
- Akshay Singh.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and of member of the Audit Committee of Rexel. Subject to the Shareholders' Meeting appointing him as member of the Supervisory Board, Thomas Farrell's appointment as member of the Audit Committee will be submitted to the approval of the Supervisory Board further to the Shareholders' Meeting, upon recommendation of the Appointment Committee.

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. In the financial year ended December 31, 2011, three Supervisory Board members were independent: Fritz Fröhlich, François David and Françoise Gri. Within the Audit Committee, during this financial year ended, Fritz Fröhlich was 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 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.

7.1.3.2 Appointment Committee

The Appointment Committee is made up of the following persons:

– Patrick Sayer (Chairman);

– Roberto Quarta;

– Angel L. Morales;

– Françoise Gri; and

– Fritz Fröhlich.

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.

7.1.3.3 Compensation Committee

The Compensation Committee is made up of the following persons:

- Françoise Gri (Chairman);
- Akshay Singh;
- Luis Marini-Portugal;
- Roberto Quarta;
- François David; and
- Fritz Fröhlich (since November 8, 2011).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Compensation Committee of Rexel. On November 8, 2011, Fritz Fröhlich was appointed as member of the Compensation Committee in replacement of Joe Adorjan.

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.

7.1.3.4 Strategic Committee

The Strategic Committee is made up of the following persons:

- David Novak (Chairman);
- Patrick Sayer;
- François David; and
- Angel L. Morales.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Compensation Committee of Rexel. Subject to the Shareholders' Meeting appointing him as member of the Supervisory Board, Thomas Farrell's appointment as member of the Strategic Committee will be submitted to the approval of the Supervisory Board further to such Shareholders' Meeting, upon the recommendation of the Appointment 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.

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); Pascal Martin (Management Board member, Group Senior Vice-President, Business Development and Corporate Operations); Jean-Dominique Perret (Management Board member, Group Senior Vice-President, Human Resources, Group Delegate for International Businesses); Michel Favre (Management Board member, Chief Financial Officer and Group Senior Vice-President); Pascale Giet (Group Senior Vice-President Communication and Sustainable Development); Patrick Bérard (Senior Vice-President South Continental Europe and CEO France); Jeff Hall (Senior Vice-President and CEO Canada); Jérémy de Brabant (Senior Vice-President Northern Europe and Benelux); Henri-Paul Laschkar (Senior Vice-President United Kingdom and Ireland); Mitch Williams (Senior Vice-President and CEO Asia-Pacific); Christopher Hartmann (Executive Vice-President and CEO Rexel Holdings USA Corp.); and Michel Klein (Senior Vice-President Central and Eastern Europe).

Until his resignation on February 13, 2012, Jean-Charles Pauze was a member of the Executive Committee in his capacity as Chairman of the Management Board of Rexel.

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 performance and ensure the implementation of horizontal 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

David Novak, Luis Marini-Portugal and Akshay Singh are members of the Management Board of Ray Investment, the main shareholder of Rexel.

Patrick Sayer, Marc Frappier and Luis Marini-Portugal are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Roberto Quarta, Manfred Kindle and David Novak hold various offices within Clayton Dubilier & Rice, an indirect shareholder of Rexel.

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, Marc Frappier, Manfred Kindle, Luis Marini-Portugal, Angel L. Morales, David Novak and Akshay Singh 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

Following the admission of its shares to trading on the NYSE Euronext regulated market in Paris, Rexel has initiated a general review in order to comply with corporate governance practices as defined by the corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF).

Rexel believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

– taking into account the Company's shareholding structure, the provisions of the agreements between shareholders and Joe Adorjan's resignation as independent member of the Supervisory Board, the number of independent members on the date of this *Document de Référence* stood at three out of eleven for the Supervisory Board, one out of five for the Audit Committee, two out of five for the Appointment Committee and three out of six for the Compensation Committee. To replace Joe Adorjan, a draft resolution appointing Thomas Farrell as member of the Supervisory Board is submitted to the Shareholders' Meeting. In accordance with the criteria set forth in the Rules of Procedure of the Supervisory Board, Thomas Farrell would qualify as an independent member of the Supervisory Board and its appointment as member of the Audit Committee and the Strategic Committee would be submitted to the Supervisory Board, subject to his appointment as member of the Supervisory Board by the Shareholders' Meeting. Thomas Farrell was appointed as observer of the Supervisory Board on November 8, 2011;

– the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. Indeed, 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)*, as applicable) of the members of the Management Board would be paid in cases of termination of the corporate mandate 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 termination at the initiative of the corporate officer or in case of a change in his duties within the Group (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*);

- in case of voluntary or compulsory retirement, in order to protect the interests of Rexel and the Rexel Group taken as a whole, the non-compete provisions may be applicable;
- the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*);
- Jean-Charles Pauze's employment contract with Rexel Développement, which has been suspended since March 1, 2007, was not terminated at the time his term of office as member of the Management Board of Rexel was renewed on May 19, 2011. Rexel wished for Jean-Charles Pauze to be able to continue to work within the Rexel Group for a limited period of time (until December 31, 2012) after the expiry of his corporate mandate, so as to facilitate the transition process with the new Chairman of the Management Board of Rexel, Rudy Provoost;
- the share subscription and free share plans set up by Rexel prior to the publication of the AFEP-MEDEF guidelines of October 2008 (integrated into the AFEP-MEDEF corporate governance code) have not been amended in order to take such guidelines into account due to the practical issues that such amendments would have involved;
- the free share allocations decided on May 11, 2010, May 12, 2011 and October 11, 2011 for the benefit, *inter alia,* of the members of the Management Board of Rexel, were not subject to an obligation for the latter to purchase on the market a number of shares during the availability period of the free shares. 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 "Ordinary Plan" relating to the allocation of free shares decided by the Management Board on October 11, 2011 of Rudy Provoost (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 any performance criteria. This exceptional allocation of free shares of Rudy Provoost, which has been approved by the Supervisory Board, upon the recommendations of the Compensation Committee, is justified by (i) the appointment at the head of the Rexel Group of Rudy Provoost who bears a rare manager profile in respect of 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 lost when accepting to join the Rexel Group;
- 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, upon 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 was of the opinion that this allocation 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;
- on the basis of the above considerations, the Supervisory Board, upon the recommendations of the Compensation Committee, authorized, upon the arrival of Rudy Provoost within the Rexel Group, that free shares be exceptionally allocated 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*); and
- 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*) have not been granted at the same periods as the previous allocations. These allocations have been 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 period of the year.

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 personal goals and other criteria relative to Rexel. The personal 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.

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 other benefits received by Rudy Provoost

Compensation for the financial year ending December 31, 2012

At its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Rudy Provoost for the financial year 2012:

- gross fixed compensation, amounting to €800,000 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; and
- a housing allowance for a gross annual amount of €60,0000.

Compensation for the financial year ending December 31, 2011

At its meeting of October 6, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Rudy Provoost for the financial year 2011:

- gross fixed compensation, amounting to €800,000 per annum;
- an annual variable target-based bonus amounting to 100% of his gross annual compensation if 100% of his 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 145.5% of 75% and shall remain set at 100% for the remaining 25%. The financial criteria for 2011 are EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Rudy Provoost in his own fields of responsibility; and
- a housing allowance for a gross annual amount of €60,000, paid on a *prorata temporis* basis, *i.e.*, €15,000 for the financial year ended December 31, 2011; and
- benefits in kind in the amount of €1,980 in connection with joining an executive director's unemployment coverage (GSC).

Moreover, if Rudy Provoost, as a result of his decision to join the Rexel Group, loses a portion of his variable compensation due by his former employer in respect of 2011, it has been decided to compensate, as the case may be, 50% of this amount.

In addition, in the course of the year ended December 31, 2012, Rudy Provoost will receive a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €216,670.

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 Michel Favre

Compensation for the financial year ending December 31, 2012

Upon its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year 2012:

- gross fixed compensation, amounting to €465,000 per annum; and
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year 2011:

- gross fixed compensation, amounting to €453,000 per annum;
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets. This variable bonus is based for 60% on financial criteria linked to the results of the Rexel Group and for 40% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 145.5% of 60% and shall remain set at 100% for the remaining 40%. The financial criteria for 2011 are EBITDA as a percentage of sales and in volume, average operating ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Michel Favre in his own fields of responsibility; and
- benefits in kind in the amount of €6,327, consisting of: a company car, and a gas card, as well as €16,524 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 will receive a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €311,169.

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 allocation subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Subject to his effective presence as at December 31, 2012, Michel Favre will thus be eligible for an exceptional bonus in a gross amount of €226,500 in February 2013. This amount may be paid to him on a *prorata temporis* basis in the event that he leaves the Rexel Group prior to such date, except in the event of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or resignation.

Compensation for the financial year ended December 31, 2010

During the financial year ended December 31, 2010, Michel Favre received:

- gross fixed compensation amounting to €439,890;
- a variable compensation paid in respect of the 2009 targets, amounting to €155,380; and
- benefits in kind in the amount of €6,327, consisting of a company car and a fuel card and of €5,112, in connection with joining an executive director's unemployment coverage (GSC).

Lastly, Michel Favre received, during the financial year ending December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €318,225. The variable annual compensation was based for 60% on financial criteria relating to the Rexel Group's results and for 40% on qualitative criteria. The financial targets set for 2010 were EBITDA as a percentage of sales and in volume, ATWC and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Michel Favre in his own fields of responsibility.

Other benefits

Michel Favre also has the following benefits:

- supplemental health insurance *(mutuelle)*;
- 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
- professional fees of a tax and retirement advisor.

Compensation and other benefits received by Pascal Martin

Compensation for the financial year ending December 31, 2012

Upon its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2012:

- gross fixed compensation, amounting to €465,000 per annum; and

- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2011:

- gross fixed compensation, amounting to €453,000 per annum;
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 70% on financial criteria relating to the Rexel Group's results and for 30% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 145.5% of 70% and shall remain set at 100% for the remaining 30%. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility; and
- benefits in kind in the amount of €6,489, consisting of: a company car, and a gas card, as well as €16,524 in connection with joining an executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2012, Pascal Martin will receive a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €313,739.

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 allocation subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Subject to his effective presence as at December 31, 2012, Pascal Martin will thus be eligible for an exceptional bonus in a gross amount of €226,500 in February 2013. This amount may be paid to him on a *prorata temporis* basis in the event that he leaves the Rexel Group prior to such date, except in the event of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or resignation.

Compensation for the financial year ended December 31, 2010

During the financial year ended December 31, 2010, Pascal Martin received:

- gross fixed compensation in the amount of €435,120;
- variable compensation in respect of the 2009 criteria in a gross amount of €184,968; and
- benefits in kind in the amount of €6,430, consisting of a company car and a fuel card and of €7,634, in connection with joining an executive director's unemployment coverage (GSC).

Lastly, Pascal Martin received, during the financial year ending December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €315,558. The annual variable compensation was based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, ATWC and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Pascal Martin in his own fields of responsibility.

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 Jean-Dominique Perret

Compensation for the financial year ending December 31, 2012

At its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Dominique Perret for the 2012 financial year:

- gross fixed compensation amounting to €300,000 per annum; and
- an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ending December 31, 2011

At its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Dominique Perret for the 2011 financial year:

– in his capacity as member of the Management Board of Rexel:
  - gross fixed compensation amounting to €179,213 per annum; and
  - an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the 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 145.5% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and

– in his salaried capacity as Group Delegate for International Affairs:
  - gross fixed compensation amounting to €108,787 per annum; and
  - an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the 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 145.5% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and
  - benefits in kind in the amount of €7,678, consisting of: a company car and a gas card.

In the course of the year ended December 31, 2012, Jean-Dominique Perret will receive a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €183,571.

Lastly, under the profit-sharing plan, Jean-Dominique Perret will receive a gross amount of €3,800 in respect of the financial year ended December 31, 2011.

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 allocation subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Subject to his effective presence as at December 31, 2012, Jean-Dominique Perret will thus be eligible for an exceptional bonus in a gross amount of €144,000 in February 2013. This amount may be paid to him on a *prorata temporis* basis in the event that he leaves the Rexel Group prior to such date, except in the event of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or resignation.

Compensation for the financial year ended December 31, 2010

During the financial year ended December 31, 2010, Jean-Dominique Perret received:

– in his capacity as a member of the Management Board of Rexel:
  - gross fixed compensation in the amount of €174,134;
  - gross variable compensation in respect of the 2009 objectives in the amount of €60,518;

– in his salaried capacity as Group Delegate Latin America:
  - gross fixed compensation in the amount of €105,706;
  - gross variable compensation in respect of the 2009 objectives in the amount of €36,737; and
  - benefits in kind in the amount of €7,679, consisting of a company car and a gas card.

Jean-Dominique Perret was paid, during the financial year ended December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €183,723. This variable annual compensation was based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, ATWC and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

Lastly, under the profit-sharing plan, Jean-Dominique Perret received in 2011 a gross amount of €3,500 in respect of the financial year ended December 31, 2010.

Other benefits

Jean-Dominique Perret receives the following benefits:

– in his capacity as member of the Management Board:
  - 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, as of January 1, 2009;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

– in his capacity as the salaried Group Delegate for International Businesses:

- 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.

Compensation for the financial year ending December 31, 2012

Upon its meetings of April 28, 2011 and February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze in his capacity as corporate officer from January 1, 2012 until his term of office expiry date, i.e. February 13, 2012:

– gross annual fixed compensation, amounting to €819,400;

– an annual variable target-based portion which may reach 120% of the gross annual fixed compensation if 100% of the set targets are met; if performances achieved exceed 100% of the set targets, the variable bonus may reach 120%, limited to 130% of the gross annual base compensation; and

– a hardship allowance for travel in France and abroad in a gross annual amount of €170,000; paid on a *prorata temporis* basis.

Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012. His employment contract with Rexel Développement, which has been suspended since March 1, 2007, was reinstated on the same date. As part of his new functions, Jean-Charles Pauze is responsible for carrying out assignments in the area of external growth and for consolidating the customer/supplier relationships.

Jean-Charles Pauze no longer benefits from a hardship allowance in connection with his employment contract.

Compensation for the financial year ending December 31, 2011

At its meeting of March 16, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze for the financial year ended December 31, 2011:

– gross fixed compensation amounting to €819,400;

– an annual variable target-based bonus that may reach 120% of his gross annual compensation if 100% of his set targets are reached. If the achieved results exceed 100% of the set targets, the variable portion could exceed 120% of his gross base annual compensation, limited to 130% of his gross annual base compensation. This variable annual bonus was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;

– a hardship allowance for travel in France and abroad in a gross amount of €170,000; and

– benefits in kind in the amount of €7,385, consisting of a company car and a gas card.

In the financial year ending December 31, 2012, Jean-Charles Pauze will be paid a variable compensation for the financial year ended December 31, 2011 in the gross amount of €975,220.

Compensation for the financial year ending December 31, 2010

During the financial year ended December 31, 2010, Jean-Charles Pauze was paid:

– gross fixed compensation amounting to €795,600;

– variable compensation in respect of the 2009 objectives in the amount of €682,200;

– a hardship allowance for travel in France and abroad in a gross amount of €170,000; and

– benefits in kind in the amount of €6,780, consisting of a company car and a gas card.

During the financial year ended December 31, 2011, Jean-Charles Pauze received a gross variable compensation amount of €944,280 in respect of the financial year ended December 31, 2010. The variable annual bonus was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, ATWC and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility.

Attendance fees

Jean-Charles Pauze was paid attendance fees in his capacities as corporate officer of Rexel Senate, an English subsidiary of Rexel, and of Rexel Holdings USA Corp., a US subsidiary of Rexel:

- in an amount of €90,000, paid in 2012, for the financial year ended December 31, 2011; and
- in an amount of €90,000, paid in 2011, for the financial year ended December 31, 2010.

Jean-Charles Pauze no longer benefits from attendance fees for the financial year ended December 31, 2012.

Other benefits

Jean-Charles Pauze receives 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, 2011 and December 31, 2010 is set forth in the table below, it being specified that the exceptional bonus granted by the Supervisory Board on July 26, 2011 to the benefit of Michel Favre, Pascal Martin and Jean-Dominique Perret are not included in the table below because the actual amount to be paid to each of them under these exceptional bonus will only be determined as at December 31, 2012 (the payment terms of these exceptional bonus are specified above):

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2011		2010	
	DUE	PAID	DUE	PAID
Rudy Provoost				
Fixed compensation	€200,000	€200,000	–	–
Variable compensation	€216,670 (3)	–	–	–
Housing allowance	€15,000	15,000	–	–
Attendance fees	– (6)	– (5)	–	–
Benefits in kind	€1,980	€1,980	–	–
Total	**€433,650**	**€216,980**	**–**	**–**
Michel Favre				
Fixed compensation	€453,000	€453,000	€439,890	€439,890
Variable compensation	€311,169 (3)	€318,225 (2)	€318,225 (2)	€155,380 (1)
Attendance fees	–	–	–	–
Benefits in kind	€22,851	€22,851	€11,439	€11,439
Total	**€787,020**	**€794,076**	**€769,554**	**€606,709**
Pascal Martin				
Fixed compensation	€453,000	€453,000	€435,120	€435,120
Variable compensation	€313,739 (3)	€315,558 (2)	€315,558 (2)	€184,968 (1)
Attendance fees	–	–	–	–
Benefits in kind	€23,013	€23,013	€14,064	€14,064
Total	**€789,752**	**€791,571**	**€764,742**	**€634,152**
Jean-Dominique Perret				
Fixed compensation	€288,000	€288,000	€279,840	€279,840
Variable compensation	€183,571 (3)	€183,723 (2)	€183,723 (2)	€97,255 (1)
Attendance fees	–	–	–	–
Benefits in kind	€7,678	€7,678	€7,679	€7,679
Total	**€479,249**	**€479,401**	**€471,242**	**€384,774**
Jean-Charles Pauze (7)				
Fixed compensation	€819,400	€819,400	€795,600	€795,600
Variable compensation	€975,220³	€944,280 (2)	€944,280 (2)	€682,200 (1)
Hardship allowance	€170,000	€170,000	€170,000	€170,000
Attendance fees	€90,000 (6)	€90,000 (5)	€90,000 (5)	€90,000 (4)
Benefits in kind	€7,385	€7,385	€6,780	€6,780
Total	**€2,062,005**	**€2,031,065**	**€2,006,660**	**€1,744,580**

(1) Variable compensation due for the financial year ended December 31, 2009 and paid during the financial year ended December 31, 2010.
(2) Variable compensation due for the financial year ended December 31, 2010 and paid during the financial year ended December 31, 2011.
(3) Variable compensation due for the financial year ended December 31, 2011 and paid during the financial year ending December 31, 2012.
(4) Attendance fees due for the financial year ended December 31, 2009 and paid during the financial year ended December 31, 2010.
(5) Attendance fees due for the financial year ended December 31, 2010 and paid during the financial year ended December 31, 2011.
(6) Attendance fees due for the financial year ended December 31, 2011 and paid during the financial year ending December 31, 2012.
(7) Jean-Charles Pauze his functions as member and Chairman of the Management Board as from February 13, 2012.

Summary 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	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
Jean-Charles Pauze Chairman of the Management Board From May 19, 2011 until February 13, 2012	Yes Employment contract suspended since March 1, 2007 and reinstated as from February 13, 2012, date on which his functions as corporate officer expired	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes until February 13, 2012 (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*) This indemnity was not renewed upon the renewal of Jean-Charles Pauze's term of office as a member and Chairman of the Management Board on May 19, 2011	Yes Term: 24 months Compensation indemnity: 1/2nd of the annual gross fixed compensation per semester
Michel Favre 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 May 20, 2009	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

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC PENSION PLAN	SEVERANCE INDEMNITIES	NON-COMPETE CLAUSE
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
Jean-Dominique Perret 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	Yes, since January 1, 2009 (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

Free shares and share subscription or share purchase options

The members of the Management Board are holders of free shares and subscription options as described in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

The summary tables in relation to the purchase option, share subscription and free share allocation plans as well as to the options allocated and exercised, the shares allocated free of charge and the shares irrevocably acquired are set out in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Summary of all of the compensation of the members of the Management Board

A summary of all of the compensation due to the members of the Management Board by the Rexel Group companies for the years ended December 31, 2011 and December 31, 2010 is set forth in the table below:

	FINANCIAL YEAR ENDED DECEMBER 31,	
	2011	**2010**
Rudy Provoost		
Compensation due for the financial year (1)	€433,650	–
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€6,450,525	–
Total	**€6,884,175**	**–**
Michel Favre		
Compensation due for the financial year (1)	€787,020	€769,554
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€1,261,009	€405,623
Total	**€2,048,029**	**€1,175,177**
Pascal Martin		
Compensation due for the financial year (1)	€789,752	€764,742
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€1,355,554	€527,307
Total	**€2,125,306**	**€1,292,049**
Jean-Dominique Perret		
Compensation due for the financial year (1)	€479,249	€471,242
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€1,024,872	€454,974
Total	**€1,504,121**	**€926,216**
Jean-Charles Pauze		
Compensation due for the financial year (1)	€2,062,005	€2,006,660
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€1,355,351	€897,271
Total	**€3,417,356**	**€2,903,931**

(1) See paragraph 7.3.1.1 “Members of the Management Boards” of this *Document de Référence*.
(2) As of the date of allocation, see paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.
(3) As of the grant date, see paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.

7.3.1.2 Members of the Supervisory Board

The Rexel shareholders’ meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of February 8, 2011 decided, within the scope of the allocated global amount, to allocate compensation to the independent 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 independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each Chairman of a Committee of the Supervisory Board who is an independent member thereof.

In addition, the Supervisory Board, on November 8, 2011, decided, within this global amount, to grant to the observer of the Supervisory Board a compensation, calculated

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on a *pro rata* basis as from the date of his appointment, including (i) a fixed portion in the gross amount of €30,000 and (ii) a variable portion in the gross amount of up to €30,000 that may be allocated to the extent of his attendance to the meetings of the Supervisory Board and the Audit Committee and the Strategic Committee.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 8, 2012 decided that the variable portion for 2011 would amount to €30,000 for Françoise Gri, €30,000 for Fritz Fröhlich, €20,100 for François David and €2,500 for Joe Adorjan.

Thus, Françoise Gri, Fritz Fröhlich, François David and Joe Adorjan, as independent members, and Thomas Farrell, as observer received the following compensation in respect of the financial years ended December 31, 2011 and 2010:

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2011		2010	
MEMBER	COMPENSATION	TOTAL	COMPENSATION	TOTAL
Françoise Gri		€70,000		€46,666.67
As committee Chairman	€10,000		€6,666.67	
As independent member				
Fixed portion	€30,000		€20,000	
Variable portion	€30,000		€20,000	
Fritz Fröhlich		€70,000		€70,000
As committee Chairman	€10,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€30,000	
François David		€50,100		€60,000
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€20,100		€30,000	
Joe Adorjan		€7,500		€56,500
As independent member				
Fixed portion	€5,000		€30,000	
Variable portion	€2,500		€26,500	
Thomas Farrell		–	–	–
As observer				
Fixed portion	–			
Variable portion	–			
Total		**€197,600**		**€233,166.67**

Rexel has paid no other compensation to the members of the Supervisory Board for the years ended December 31, 2011 and December 31, 2010.

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

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 are submitted to the approval of the Shareholders' Meeting.

Moreover, the employment agreements of Michel Favre, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, for payment undertakings in the event of a termination, subject to performance criteria decided upon by the Supervisory Board meeting of May 19, 2011 and which are submitted to the approval of the Shareholders' Meeting.

Lastly, Jean-Charles Pauze's employment contract contained a payment undertaking in the event of termination, subject to certain conditions including certain performance conditions. Such indemnity was not renewed at the time of renewal of Jean-Charles Pauze's term of office on May 19, 2011. Jean-Charles Pauze then left his functions as member and Chairman of the Management Board as from February 13, 2012, at which date his employment contract was reinstated. Within this context, Jean-Charles Pauze's employment contract was amended in order, among others, to remove the obligation to provide him with a severance package.

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.

Pursuant to article L.225-90-1 of the French Commercial Code, these severance indemnities, other than the indemnity for honoring the non-compete clause, are subject to the following performance conditions:

– the payment of 50% of the severance indemnity 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 corporate functions (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 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 severance indemnity will be dependent 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 Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of corporate functions (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 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 severance indemnity 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 corporate functions (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 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.

This indemnity will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

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 Michel Favre

Michel Favre's employment contract with Rexel Développement was suspended on May 20, 2009.

In the event that his corporate duties within Rexel should end, Michel Favre'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 Michel Favre 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 Michel Favre 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 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 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.

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 are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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, Rexel'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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, Rexel'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, Rexel'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre'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 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 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.

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 are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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, Rexel'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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, Rexel'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, Rexel'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 fulfillment of these conditions.

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.

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Severance payments for Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Group Delegate for International Businesses.

His employment contract with Rexel Développement provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an 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 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 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.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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, Rexel'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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, Rexel'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, Rexel'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's 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 Jean-Charles Pauze

Prior to the end of his term as a member and Chairman of the Management Board

Jean-Charles Pauze has an employment contract with Rexel Développement S.A.S., which had been suspended between March 1, 2007 and February 13, 2012, the date of his term as a member and Chairman of the Management Board of Rexel.

Before May 19, 2011, the date on which his term as a member and Chairman of the Management Board was renewed, if his employment contract were terminated at the employer's initiative, except resulting from serious misconduct or gross negligence or compulsory retirement leave, Jean-Charles Pauze benefited from a commitment to pay him contractual indemnities in lieu of notice and for termination of the employment agreement, described in the *Document de Référence* of Rexel for the year ended December 31, 2010.

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 were subject to performance criteria based on the levels of EBITDA, operating WCR and ROCE of the Rexel Group, also described in the *Document de Référence* of Rexel for the year ended December 31, 2010.

This commitment to pay an indemnity in case of termination of the employment agreement, subject to performance conditions, was not renewed upon the renewal of Jean-Charles Pauze's term as a member and Chairman of the Management Board on May 19, 2011 and no indemnity was paid to him in relation thereto upon the end of his term as a member and Chairman of the Management Board of Rexel on February 13, 2012.

Following the end of his term as a member and Chairman of the Management Board

Upon the end of his term as a member and Chairman of the Management Board on February 13, 2012, Jean-Charles Pauze's amended employment contract was reinstated.

In his new functions, Jean-Charles Pauze is responsible for carrying out certain assignments in the area of external growth and for consolidating customer and supplier relationships. His assignment expires on December 12, 2012.

Under his amended employment contract, Jean-Charles Pauze no longer benefits from a termination indemnity, other than the retirement indemnity.

In addition, Jean-Charles Pauze's amended employment contract contains a non-competition clause. This non-competition undertaking is effective for a period of 24 months as from the effective date of departure from the Company. The half-yearly indemnity for honoring the non-competition undertaking is equal to 50% of the last annual gross fixed compensation.

7.3.3 | Other benefits

During the financial period ended December 31, 2011, 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.

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 20 or above under the Global Grading system defined for Rexel by Hewitt.

At January 1, 2012, seven managing directors including five corporate officers met these eligibility criteria: Jean-Charles Pauze, Rudy Provoost, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

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 €11.5 millions as of December 31, 2011 reduced by the value of a hedge asset established with an insurance company and by unrecognized actuarial losses. As of December 31, 2011, the value of this hedge asset was estimated at €7.5 million and the unrecognized actuarial losses were estimated at €2.1million.

On the date of this *Document de Référence*, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF RECOMMENDATIONS	AS OF JANUARY 1, 2012
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As of January 1, 2012, the total number of eligible persons was seven, including five corporate officers.

7.4 MARKET ETHICS CHARTER

On April 4, 2007, Rexel adopted a market ethics charter, which has been updated on February 8, 2012, 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, during the financial year ended December 31, 2011 are:

Agreements referred to in article L.225-86 of the French Commercial Code, entered into by Rexel during the financial year ended December 31, 2011 and that have received prior approval of the Supervisory Board of Rexel

- 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.

- A Purchase Agreement entered into on May 24, 2011, between Rexel, on the one hand, and BNP Paribas, HSBC and Société Générale (the **"Banks"**), on the other hand. Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, 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. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated May 27, 2011. This agreement was concluded in the context of the carrying out by Rexel of a bond issuance for an amount of €500 million represented by unsecured senior notes bearing interest at a rate of 7%, redeemable on December 17, 2018 (the **"2011 Bond Issuance"**). The agreement provides for the terms under which Rexel undertook to issue the bonds, and the Banks undertook to place the issued bonds, and in the event of a lack of subscribers, to underwrite the non-placed bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting.

- A Trust Deed, entered into on May 27, 2011 between Rexel, Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, 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. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V. (merged into Rexel Développement), Rexel Holding Switzerland S.A. (formerly Finelec Développement S.A.) and BNP Paribas Trust Corporation UK Limited. This agreement was concluded in the context of the **2011 Bond Issuance** carried out by Rexel. It provides for the terms under which BNP Paribas Trust Corporation UK Limited undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting.

- An Agency Agreement, entered into on May 27, 2011 between Rexel, Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, 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. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was concluded in the context of the **2011 Bond Issuance** carried out by Rexel. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Principal Paying Agent in the scope of the issuance of the bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting.

- An amendment to the Senior Credit Agreement in force as of December 17, 2009 and entered into on April 21, 2011 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, on the other hand, Crédit Agricole Corporate and Investment Bank and Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge

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AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc, on the third part. This amendment aims to permit the use of the product of the **2011 Bond Issuance** abovementioned as voluntary anticipated reimbursement of the sums due under the Senior Credit Agreement, without proceeding to the concomitant cancellation of the Lenders' Commitments under the Senior Credit Agreement up to the sums reimbursed thereof. This amendment has been authorized by the Supervisory Board during its April 8, 2011 meeting.

– The retirement undertakings taken by Rexel to the benefit of Rudy Provoost, 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. These undertakings have been authorized by the Supervisory Board during its October 6, 2011 meeting.

Agreements referred to in article L.225-90-1 of the French Commercial Code, entered into by Rexel during the financial year ended December 31, 2011 and that have received prior approval of the Supervisory Board of Rexel

– The undertakings granted to Mr. Michel Favre, 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 undertakings granted to Mr. 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 undertakings granted to Mr. Jean-Dominique Perret, 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 undertakings granted to Mr. Rudy Provoost, 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.

Agreements referred to in article L.225-86 of the French Commercial Code, entered into by Rexel during the previous financial years and that have been continued during the financial year ended December 31, 2011

– A Purchase Agreement entered into on January 8, 2010, between Rexel, on the one hand, and CALYON, the Royal Bank of Scotland plc, Merrill 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 **"Banks"**), on the other hand. Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated January 20, 2010. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016, referred to below (the **"2009/2010 Bond Issuance"**). Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The agreement provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.

– An Amended and Restated Agency Agreement, entered into on January 20, 2010 between Rexel, Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. An Agency Agreement entered into on December 21, 2009, provided for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the 2009/2010 Bonds Issuance. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The Amended and Restated Agency Agreement amends and supersedes the Agency Agreement and relates to the 2009/2010

Bond Issuance. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the 2009/2010 Bond Issuance. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.

- A First Supplemental Trust Deed, entered into on January 20, 2010 between Rexel, Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V. (merged into Rexel Développement), Rexel Holding Switzerland S.A. (formerly Finelec Développement S.A.) and BNP Paribas Trust Corporation UK Limited. A Trust Deed entered into on December 21, 2009, provided for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the 2009/2010 Bond Issuance. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The First Supplemental Trust Deed provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 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.

- A bilateral facility agreement between Rexel as borrower, Rexel Distribution (merged into Rexel Développement) as guarantor and Bayerische Landesbank as lender for an amount of €40,000,000. Rexel's indirect subsidiary, Rexel Distribution (merged into Rexel Développement), 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. This agreement was authorized by the Supervisory Board during its July 27, 2010 meeting.

- The compensation agreements of certain subsidiaries of Rexel under the guarantees granted in connection with the Senior Credit Agreement of an amount of €1.7 billion, entered into on December 17, 2009 referred to below and of the Bond Issuance and the Additional Bond Issuance referred to above. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the **"Guarantors"**), Rexel 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. These agreements were authorized by the Supervisory Board during its November 9, 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.

- A senior credit agreement of an amount of €1.7 billion entered into on December 17, 2009 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, 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. Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this senior credit agreement in the capacity of guarantors through accession letters dated December 21, 2009. This agreement was authorized by the Supervisory Board during its December 2 and December 10, 2009 meetings.

- A Purchase Agreement entered into on December 11, 2009, between Rexel, on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale et Bayerische Landesbank (the "Banks"), on the other hand. Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH &

Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated December 21, 2009. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite these bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

- An Agency Agreement, entered into on December 21, 2009 between Rexel, Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc. BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board upon its December 2 and December 10, 2009 meetings.

- A Trust Deed, entered into on December 21, 2009 between Rexel, Rexel Développement, Rexel Distribution (merged into Rexel Développement), Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V. (merged into Rexel Développement), Rexel Holding Switzerland S.A. (formerly Finelec Développement S.A.) and BNP Paribas Trust Corporation UK Limited. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

- A tax integration agreement entered into by Rexel on December 12, 2005. Rexel opted on March 9, 2005, for the establishment of a new integrated tax group between Ray Acquisition S.A.S. (renamed Kelium), Ray Acquisition S.C.A. (renamed Rexel Développement) and Rexel, of which Rexel is the parent company. Pursuant to this option, Rexel has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés)*, for the additional contribution based on corporate tax pursuant to article 235 ter ZA of the French general tax code, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for yearly flat-rate tax *(imposition forfaitaire annuelle)* payable by the group formed by Rexel and the subsidiaries held directly or indirectly at least 95% of the share capital, pursuant to articles 223 A *et seq.* of the French general tax code. This agreement was authorized by the Board of Directors during its June 27, 2005 meeting.

Ordinary agreements entered into by Rexel under ordinary terms

- Two long-term facility agreements between Rexel Holdings USA Corp. and Rexel entered into on March 1, 2010.
- A long-term facility agreement between Elektro Material AG and Rexel entered into on March 1, 2010.
- A long-term facility agreement between Rexel Electrical Supply & Services Holding and Rexel entered into on March 1, 2010 and reimbursed in 2011.
- A long-term facility agreement between Rexel Central Europe Holding GmbH and Rexel entered into on March 1, 2010 and reimbursed in 2011.
- A long-term facility agreement between Elektroskandia Norway Holding AG and Rexel entered into on March 1, 2010.
- 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 Holding Switzerland S.A. and Rexel entered into on November 30, 2010 and reimbursed in 2011.
- A long-term facility agreement between Rexel Développement SAS and Rexel entered into on November 29, 2010.

– A long-term facility agreement between Svenska Selga Elgrossit AB Selga and Rexel entered into on March 1, 2010.

– A long-term facility agreement between Redeal and Rexel entered into on March 1, 2010.

– Two facility agreements between Rexel Développement SAS and Rexel entered into on March 1, 2010.

– 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 Current Account Agreement entered into between Rexel Développement, cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010.

– An amendment to the Current Account Agreement entered into between Rexel Distribution (merged into Rexel Développement), cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010, providing for the option for Rexel Développement to offset debts against receivables due by group companies having entered into similar current account agreements with Rexel Développement.

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 2011

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 standards applicable in France.

KPMG Audit	ERNST & YOUNG Audit
A division of KPMG S.A.	

Rexel

General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2011

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R.225-58 of the French Commercial Code *(Code de Commerce)*, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R.225-58 of the French Commercial Code *(Code de Commerce)* concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

In accordance with article L.225-88 of the French Commercial Code *(Code de Commerce)*, we have been advised of certain related party agreements and

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commitments which received prior authorization from your Supervisory Board.

1. 2011 Bond issuance (Underwriting Agreement, Trust Agreement, Service Agreement)

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution (merged into Rexel Développement on July 26, 2011), President and director of Rexel North America Inc., President and director of Rexel Holdings USA Corp., and member of the board of directors of Rexel France.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution (merged into Rexel Développement on July 26, 2011).

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution (merged into Rexel Développement on July 26, 2011), member of the board of directors of Rexel France, member of the board of directors of Elektroskandia Norge AS and member of the board of directors of Svenska Elgrossist AB Selga.

Nature and purpose

Your Supervisory Board authorized, on May 11, 2011, a complementary bond issuance a minimum nominal amount of €500 million and of a maximum of €750 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:

a) Purchase Agreement

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 Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the new Bonds and the Banks have undertaken to underwrite the new Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the new Bonds not underwritten.

The Purchase Agreement has been contracted by the following Banks: BNP Paribas, HSBC and Société Générale.

The Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the New Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Trust agreement

The Trust Agreement was entered into on May 27, 2011 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides for the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the Bonds. The Trust Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted by your Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors at the benefit of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Trust Agreement in the event of the occurrence of certain events.

c) Service agreement

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. It provides for the terms and conditions under which CACEIS Bank Luxembourg will act as Issuing and Paying Agent in the name and on behalf of your Company and of the Guarantors in connection with the Bond issuance. Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the Bonds issuance and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, carry out the various payments due by your Company and/or the Guarantors under the Bonds (including the payment of interest, redemption or early redemption). The Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

The Purchase Agreement, the Trust Agreement and the Service Agreement are executed 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 KG, Rexel Belgium S.A., 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.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Trust Agreement.

Conditions

As at December 31, 2011, the amount of debt recorded in the balance sheet of your Company under this bond issuance amounted to €488.7 million.

2. Amendment to 2009 Senior Credit Agreement

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution (merged into Rexel Développement on July 26, 2011), President and director of Rexel North America Inc., President and director of Rexel Holdings USA Corp., and member of the board of directors of Rexel France.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution (merged into Rexel Développement on July 26, 2011).

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution (merged into Rexel Développement on July 26, 2011), member of the board of directors of Rexel France, member of the board of directors of Elektroskandia Norge AS and member of the board of directors of Svenska Elgrossist AB Selga.

Nature and purpose

Your Supervisory Board authorized, on April 8, 2011, your Company to conclude an amendment to the Senior Credit Agreement. This amendment aims to permit the use of the product of the Bond Issuance as voluntary anticipated reimbursement of the sums due under the Senior Credit Agreement, without proceeding to the concomitant cancellation of the Lenders' Commitments under the Senior Credit Agreement up to the sums reimbursed thereof.

Conditions

As of December 31, 2011, facilities under the Senior Credit Agreement (facility A and B) were fully reimbursed and remained available for Rexel.

3. Amendment to defined-benefit retirement plan

Related parties

Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, in their capacity as members of the Management Board of Rexel.

Nature and purpose

Your Supervisory Board authorized, on February 8, 2011, your Company to conclude an amendment to the defined benefit retirement plan. 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.

Conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2011.

4. Complementary defined-benefit retirement plan to the benefit of Rudy Provoost

Related parties

Rudy Provoost in his capacity as member of the Management Board of Rexel.

Nature and purpose

Your Supervisory Board authorized, on October 6, 2011, your Company to undertake a complementary defined benefit retirement obligations to the benefit of Rudy Provoost under the supplementary defined-benefit pension plan opened as from July 1, 2009.

Conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2011.

5. Commitments at the benefit of the members of the Management Board of your Company in case of termination of their duties

Related parties

Rudy Provoost, Michel Favre, Pascal Martin, Jean-Dominique Perret, in their capacity as members of the Management Board of Rexel.

Nature and purpose

Your Supervisory Boards approved, on May 19, 2011 and on October 6, 2011 the financial terms and conditions that would apply in the event of termination or change of the duties of the members of the Management Board and the performance targets in relation to the deferred compensation items, in accordance with article L.225-90-1 of the French Commercial Code and pursuant to the "TEPA" law dated August 21, 2007.

1. In the event of the termination of the employment agreement at the option of the employer following the end of his duties as a corporate officer, and except in case of serious misconduct *(faute grave)* or wilful misconduct *(faute lourde)*,

   a) Rudy Provoost would benefit of a contractual indemnity equal to 24 months of his Monthly Reference Compensation. Monthly reference compensation is understood as the amount of the fixed gross annual compensation during the twelve months preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

   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. This non-

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competition payment is included, when appropriate, in the contractual indemnity mentioned above.

b) Pascal Martin, Jean-Dominique Perret and Michel Favre would benefit of a contractual indemnity equal to 18 months of their Monthly Reference Compensation in their capacity as corporate officers or as employees of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in their capacity as corporate officers, preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two bonuses received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

   This 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, as well as any indemnity due pursuant to the employment agreement. It also includes the gross amount of the financial consideration for any non-compete clause that may apply.

   The notice period for breach of contract 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.

2. The indemnity in lieu of notice and in relation to the termination of employment agreement which would be paid to Rudy Provoost, Pascal Martin, Jean-Dominique Perret and Michel Favre would be subject to the following performance targets (in addition to the conventional minimum that may apply), and would be determined as follows:

   a) Payment of 50% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the EBITDA (operating income before other income and other expenses, plus depreciation and amortization) level of the Rexel Group. This payment would be due up to 100% if the level of EBITDA, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 60% of the budgeted value for this financial year. If, during the reference year, the economic situation and financial condition of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

   b) Payment of 35% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ATWC (Average Trade Working Capital) level of the Rexel Group. This payment would be due up to 100% if the level of ATWC (in percentage of sales), calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 125% of the budgeted performance for this financial year. If, during the reference year, the economic situation and financial condition of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

   c) Payment of 15% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ROCE (Return On Capital Employed) level of the Rexel Group. This payment would be due up to 100% if the level of ROCE, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 75% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and /or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

Conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2011.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years

a) Whose implementation continued 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 (Purchase Agreement, Trust Agreement, Service Agreement)

Nature and purpose

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, a bond issuance of a minimum nominal amount of €500 million and of a maximum of €700 million, represented by unsecured senior high-yield notes of your Company which bear interest annually at 8.25% and are redeemable on December 15, 2016. In the context of the bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) Purchase Agreement

The Purchase Agreement was entered into on December 11, 2009, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the Bonds and the Banks have undertaken to underwrite the Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the Bonds not underwritten.

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 et Bayerische Landesbank.

The Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Trust agreement

The Trust Agreement was entered into on December 21, 2009 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides for the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the Bonds. The Trust Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted by your Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors at the benefit of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Trust Agreement in the event of the occurrence of certain events.

c) Service agreement

The Service Agreement was entered into on December 21, 2009 between your Company, the Guarantors and CACEIS Bank Luxembourg. It provides for the terms and conditions under which CACEIS Bank Luxembourg will act as Issuing and Paying Agent in the name and on behalf of yours Company and of the Guarantors in connection with the Bond issuance. Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the Bonds issuance and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, carry out the various payments due by your Company and/or the Guarantors under the Bonds (including the payment of interest, redemption or early redemption). The Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

The Purchase Agreement, the Trust Agreement and the Service Agreement are executed 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 KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, 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 Trust Agreement.

Conditions

At December 31, 2011, the amount of debt recorded in the balance sheet of your Company under this bond issuance amounted to €575 million.

2. 2010 Complementary Bond issuance (Purchase Agreement, Trust Agreement, Service Agreement)

Nature and purpose

Your Supervisory Board authorized, on January 8, 2010, a complementary bond issuance of a maximum nominal amount of €125 million, represented by unsecured senior high-yield notes of your Company which bear interest annually at 8.25% and are redeemable on December 15, 2016. In the context of the complementary bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) 2010 Purchase Agreement

The Purchase Agreement was entered into on January 8, 2010, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The New Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the new Bonds and the Banks have undertaken to underwrite the new Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the new Bonds not underwritten.

The New 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 et Bayerische Landesbank.

The New Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the New Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Amended and Restated Service Agreement

The Amended and Restated Service Agreement was entered into on January 20, 2010 between your Company, the Guarantors and CACEIS Bank Luxembourg and BNP Trust Corporation UK. It provides for the terms under which the New Bonds will be issued and admitted to trading on the Euro MTF market, and it extends to the New Bonds the terms of the Service Agreement (payment by the company and/or the guarantors related to the Bonds, including interests payment, at term or early redemption, etc.). The Amended and Restated Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

c) Supplemental Trust Agreement

The Supplemental Trust Agreement was entered into on January 20, 2010 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. The Supplemental Trust Agreement aims at extending application of Trust Agreement terms concluded on December 21, 2009 to the New Bonds. In particular, it extends to the New Bonds the commitment of payment granted by each guarantor. Under the Trust Agreement, guarantors guarantee, jointly and severally, without subordination, all payment commitments of your company related to the Bonds and the Trust Agreement (including the Supplemental Trust Agreement). The Supplemental Trust Agreement includes customary clauses for this type of agreement, including those related to guarantors right of recourse against your company and among them. It also included restrictions for your company and the guarantors on some operations (merger, spin-off, transfer of activity).

The Purchase Agreement, the Amended and Restated Service Agreement and the Supplemental Trust Agreement are executed 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 KG, Rexel Belgium S.A., Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, 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 Trust Agreement.

Conditions

At December 31, 2011, the amount of debt recorded in the balance sheet of your Company under this bond issuance amounted to €75 million.

3. 2009 Senior Credit Agreement

Nature and purpose

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, the entry by your Company into a new Senior Credit Agreement for a principal amount of €1,700 million between Rexel, firstly, Banc of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking as "Lenders", secondly, and Calyon, as "Facilities Agent", thirdly.

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 KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, 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.

Conditions

As of December 31, 2011, facilities under the Senior Credit Agreement were fully reimbursed and remained available for Rexel.

4. Bilateral facility agreement

Nature and purpose

Your Supervisory Board authorized, on July 27, 2010, the conclusion of a credit 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. Indirect subsidiary of Rexel, 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 maturity date is December 17, 2014.

Conditions

At December 31, 2011, the debt recorded in the balance sheet of your company under this Credit Agreement amounted to €30.6 million. This facility agreement bears interests at EURIBOR, increased by a margin which depends on debt ratio.

5. Compensation agreements of certain subsidiaries of Rexel

Nature and purpose

Your Supervisory Board authorized, on November 9, 2010 the conclusion of compensation agreements of certain subsidiaries of Rexel under the guarantees granted in connection with the senior credit agreement of an amount of €1.7 billion, entered into on December 17, 2009 and of the Bond Issuance of €575 million and the Additional Bond Issuance of €75 million. Under these compensation agreements entered into between Rexel 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 KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holdings USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the "Guarantors"), Rexel 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

At December 31, 2011, the financial charge recorded in the income statement of your company under these agreements amounted to €16.9 million.

6. Tax Consolidation Agreement

Nature and purpose

On June 27, 2005, your Board of Directors authorized the Company to sign the tax consolidation agreement in connection with the new tax group between Ray Acquisition S.A.S. (renamed Kelium S.A.S. and merged into Rexel Distribution on January 1, 2009 and merged into Rexel Développement on July 26, 2011), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S) and Rexel, with your Company as top holding company. Pursuant to this option, your Company has become, solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by your Company and the subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223A *et seq.* of the French general tax code.

Conditions

During the financial year ended December 31, 2011, your Company has recorded income arising from the operation of such tax consolidation agreement of €93.1 million.

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. Additional defined-benefit retirement plan

Nature and purpose

Your Supervisory Board authorized, on March 30, 2009, your Company to enter into a new additional defined-benefit pension plan as of July 1, 2009 for the members of the Management Board.

2. Amendment to defined-benefit retirement plan

Nature and purpose

Your Supervisory Board authorized, on March 16, 2010, your Company to conclude an amendment to the defined benefit retirement plan. This amendment aims at harmonizing such plan with certain provisions of the social security regulations.

3. Secondary Offering Cooperation Agreement

Nature and purpose

On April 4, 2007, your Supervisory Board authorized your Company to enter into an agreement to regulate the relations between the parties in the event of any sale by Ray Investment S.A.R.L. or its shareholders of the shares of your Company for a consideration of at least €100 million.

Paris-La Défense, March 8, 2012

French original signed by

The statutory auditors

KPMG Audit
A division of KPMG S.A.

Hervé Chopin
Partner

ERNST & YOUNG Audit

Pierre Bourgeois
Partner

7.5.2.2 Special reports of the statutory auditors in relation to the related party agreements for 2010 and 2009

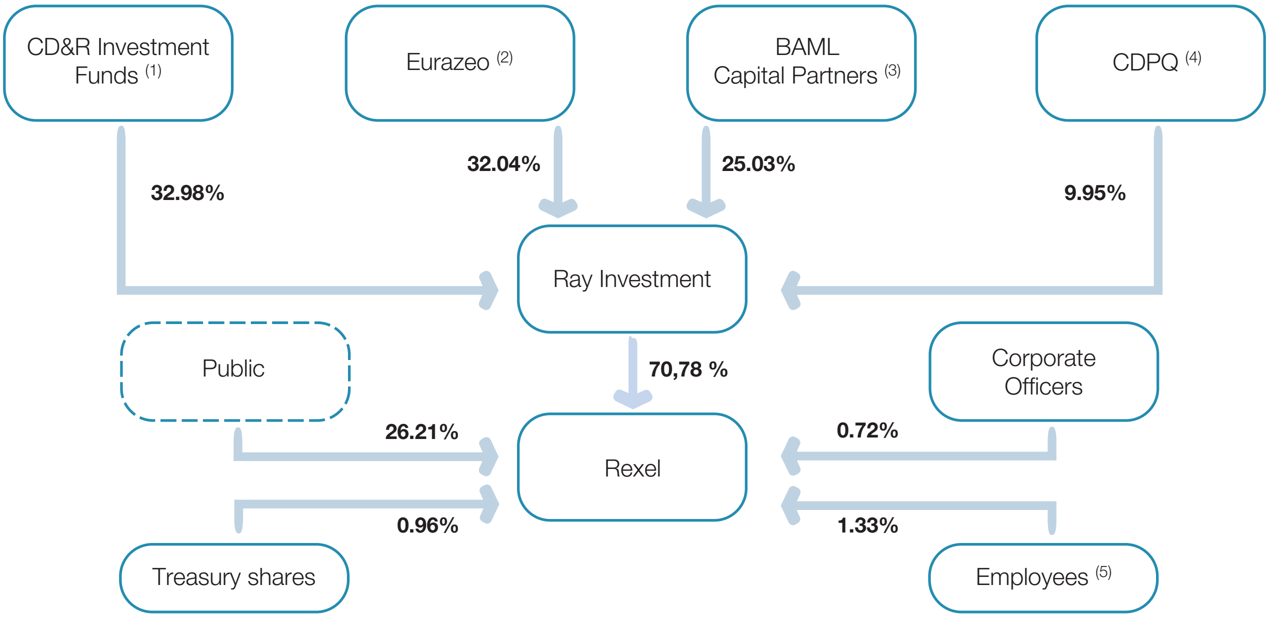
The special reports of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2010 and December 31, 2009 are set out in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, as supplemented by the update to the *Document de Référence* filed with the *Autorité des marchés financiers* on April 28, 2011 under number D.11-0272-A01, and in the *Document de Référence* registered by the *Autorité des marchés financiers* on April 21, 2010 under number R.10-024, respectively.

8 ADDITIONAL INFORMATION

8.1 SHAREHOLDERS

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2011:



(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 CD&R, indirectly own approximately 19.68% and 4.92%, respectively, of Ray Investment S.àr.l. In addition, a co-investment vehicle controlled by a subsidiary of CD&R indirectly owns approximately 8.38% of Ray Investment.
(2) *Eurazeo:* Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo, owns approximately 32.04% of Ray Investment.
(3) *BAML Capital Partners:* the private equity funds and other entities managed by BAML Capital Partners and associated entities own approximately 19.51% of Ray Investment S.à r.l. In addition, a co-investment vehicle managed by BAML Capital Partners and associated entities indirectly owns approximately 5.52% of Ray Investment.
(4) *CDPQ:* Caisse de Dépôt et Placement du Québec owns 9.95% of Ray Investment.
(5) *Employees:* the employees include the managers and the other employees as well as the Rexel FCPEs.

Clayton, Dubilier & Rice, Inc. ("CD&R")

CD&R is a private equity firm that invests in global businesses, primarily divisions of large multi-national corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has invested approximately USD12 billion in 43 European and American companies. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

Eurazeo S.A. ("Eurazeo")

Eurazeo is one of the foremost listed investment companies in Europe, with close to €4 billion of diversified assets. Its purposes is to identify, accelerate and valuate the transforming capacity of companies in which it invests. Its solid institutional and family shareholder base, the absence of indebtedness and its flexible investment horizon allow it to accompany companies over the long term. It is in particular the majority or reference shareholder of Accor, ANF Immobilier, APCOA, Edenred, Elis, Europcar, Foncia, Moncler and Rexel.

In partnership with its investments, due notably to the expertise and values shared by an investment team of approximately 20 people, Eurazeo pursues a strategy that is resolutely oriented toward creating value, without ever losing sight of strategic and financial rigor that made the Rexel Group successful throughout the years.

Eurazeo has solid attributes to ensure the sustainable development of its activities and its investments by acting as a responsible professional shareholder.

BAML Capital Partners (“BAMLCP”)

BAML Capital Partners is a private equity and mezzanine capital investment group within the Global Principal Investments group of Bank of America Merrill Lynch.

North Cove Partners (“NCP”) is an investment advisor to Bank of America Merrill Lynch. NCP was established in June 2011 following its spin-off from Bank of America Merrill Lynch.

Ray Investment S.à r.l. (“Ray Investment”)

Ray Investment is a *société à responsabilité limitée* established under Luxembourg law, with registered offices at 10, avenue de la Liberté, L-1930 Luxembourg, registered with the Luxembourg companies' registry under number B 104.766. Its share capital is €1,527,230,850, divided into 30,544,617 shares with a par value of €50 each. Ray Investment is owned by CD&R, Eurazeo and BAMLCP as well as Caisse de Dépôt et Placement du Québec.

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, 2011, 2010 and 2009:

	DECEMBER 31,											
	2011				2010				2009			
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	190,268,736	190,268,736	70.78	70.78	185,575,336	185,575,336	71.32	71.32	185,082,257	185,082,257	71.68	71.68
Corporate officers (1)	1,927,659	1,927,659	0.72	0.72	1,935,812	1,935,812	0.74	0.74	1,926,697	1,926,697	0.75	0.75
Managers and other employees	2,238,317	2,238,317	0.83	0.83	2,231,628	2,231,628	0.86	0.86	2,507,466	2,507,466	0.97	0.97
Rexel FCPE	1,337,496	1,337,496	0.50	0.50	1,341,579	1,341,579	0.52	0.52	1,126,312	1,126,312	0.44	0.44
Public	70,456,778	70,456,778	26.21	26.21	69,025,641	69,025,641	26.53	26.53	67,490,586	67,490,586	26.13	26.13
Treasury shares	2 590 773	2 590 773	0.96	0.96 (2)	103,000	103,000	0.03	0.03 (2)	86,700	86,700 (2)	0.03	0.03 (2)
TOTAL	**268,819,759**	**268,819,759**	**100**	**100**	**260,212,996**	**260,212,996**	**100**	**100**	**258,220,018**	**258,220,018**	**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.

According to press releases dated February 29, 2012 and March 1, 2012, Ray Investment announced the sale of 30 million Rexel shares, representing 11.2% of the share capital of Rexel, within the context of an accelerated bookbuilding reserved to institutional investors.

To the best knowledge of Rexel 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, 2011, 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, 2011, Rexel did not receive any declaration of crossing of thresholds.

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, 2011, 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
MEMBERS OF THE MANAGEMENT BOARD		
Rudy Provoost (1)	–	–
Michel Favre	48,983	NS
Pascal Martin	469,616	0.20%
Jean-Dominique Perret	322,306	0.12%
FORMER MEMBER OF THE MANAGEMENT BOARD		
Jean-Charles Pauze (2)	1,086,754	0.40%
MEMBERS OF THE SUPERVISORY BOARD		
Roberto Quarta	–	–
Patrick Sayer	–	–
François David	–	–
Eurazeo (3)	–	–
Fritz Fröhlich	–	–
Françoise Gri	–	–
Manfred Kindle	–	–
Luis Marini-Portugal	–	–
Angel L. Morales	–	–
David Novak	–	–
Akshay Singh	–	–

(1) Rudy Provoost was appointed as member of the Management Board of Rexel as from October 1, 2011 and as Chairman of the Management Board of Rexel on February 13, 2012.
(2) Jean-Charles Pauze resigned from his functions as member and Chairman of the Management Board on February 13, 2012.
(3) This shareholding does not take into account the Rexel shares held by Ray Investment, 32.04% of the share capital of which is held by Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo.

Transactions on Rexel securities carried out by Management Board and Supervisory Board members

During the financial year ended December 31, 2011, Jean-Dominique Perret, member of the Management Board, sold Rexel shares at a price of €17.60 per share for a total amount of €56.320.

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 PEG and the PEGI in the following countries: Germany, Australia, Austria, Belgium, Canada, Chile, Spain, United Sates, France, Hungary, Ireland, Italy, New Zealand, The Netherlands, Portugal, Czech Republic, United Kingdom, Slovakia, Slovenia, Sweden and Switzerland.

The total number of shares that have been issued pursuant to the decisions of the Management Board of March 20, 2007 and April 4, 2007, implementing the increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan 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), taking into account a par value of €5 per share. 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 International" employee investment fund (FCPE).

Employee shareholding plan implemented in 2010

On May 20, 2010, the combined shareholders' meeting authorized, in its twenty-seventh resolution, after prior authorization of the Supervisory Board, the Management Board to increase the share capital of the Company through the issuance of shares or securities conferring access to the share capital of the Company with cancellation of the shareholders' preferential subscription rights for the benefit of members of a group savings plan (PEG) or an international group savings plan (PEGI). The shareholders' meeting decided that the maximum amount of the share capital increase that may be carried out pursuant to the twenty-seventh resolution shall be of 1.5% of the share capital, valued at the date of the decision of share capital increase.

On May 20, 2010, the Management Board decided to carry out a share capital reserved for the employees. During its meeting of August 31, 2010, the Management Board decided to implement this share capital increase and set the subscription price for the offering in certain countries (Germany, Austria, Belgium, Canada, Spain, France, Norway, The Netherlands, the United Kingdom, Sweden and Switzerland) and established the agenda of the subscription. In respect of the United States, the Management Board established the subscription price on September 10, 2010.

The total number of shares created pursuant to the decisions of the Management Board of May 20, 2010 and August 31, 2010, implementing the increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounted to 356,123 shares. This share capital increase was carried out and acknowledged by the Management Board on November 17, 2010.

The shares subscribed, after settlement-delivery prior to the end of 2010, carry dividend rights as of January 1, 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.

As of December 31, 2011, 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 1,618,425 shares, *i.e.*, 0.60% 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 (further to the absorption of Rexel Distribution) in order to present information on the share subscription or purchase options issued and the related liquidity mechanisms.

Rexel's share purchase option plans

On October 28, 2005, the Extraordinary Shareholders' Meeting authorized the Chairman of Rexel (then a *société par actions simplifiée*) to grant certain employees or corporate officers of the Rexel Group's French or foreign companies, under two share subscription options plans, on one or more occasions, a maximum total of 3,171,300 options to subscribe for Rexel shares giving the right to subscribe for a maximum total of 3,171,300 of the Rexel shares, in the event of exercise of all the options, at a subscription price of €10 per share (before division of the par value of the Rexel's share which took place during 2007) and subject to certain conditions.

Pursuant to the delegation of powers granted to him by the Shareholders' Meeting, the Chairman:

1. On October 28, 2005, fixed the terms and conditions of a first share subscription option plan for certain of Rexel's employees or corporate officers of the Rexel Group's French or foreign companies (the **"Plan No. 1"**). Plan No. 1 concerned 2,882,000 options to subscribe for shares at the maximum, representing 2,882,000 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel's share which took place during 2007). Plan No. 1 has a duration of ten (10) years as from (i) October 28, 2005, if all the options have been granted on this date, or (ii) October 28, 2006. Under Plan No. 1, the Chairman of Rexel granted 2,775,120 options to subscribe for shares, of which 2,711,000 were effectively granted to 46 beneficiaries; and
2. On November 30, 2005, fixed the terms and conditions of a second share subscription option plan for certain other employees and corporate officers of the Rexel Group's French or foreign companies (the **"Plan No. 2"**). Plan No. 2 concerned 289,300 options to subscribe for shares at the maximum, representing 289,300 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel's share which took place during 2007). Plan No. 2 has a duration of 10 years as from (i) November 30, 2005, if all the options have been granted

on this date, or (ii) November 30, 2006. Under Plan No. 2, the Chairman of Rexel granted 265,700 options to subscribe for shares, of which 259,050 were effectively granted to 198 beneficiaries.

On May 31, 2006, the shareholders' meeting, duly noting that there remained a certain number of options to be granted under Plan No. 1 and Plan No. 2 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel to carry out (i) a new grant of options up to a maximum of 171,000 options under Plan No. 1, and (ii) a new grant of options up to a maximum of 35,586 options under Plan No. 2. Furthermore, on the basis of a multi-criteria analysis, the shareholders' meeting fixed at €13 the subscription price for one share of Rexel upon the exercise of one option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to award (i) 169,236 options to subscribe for shares to 5 beneficiaries under Plan No. 1 and (ii) 35,550 options to subscribe for shares to 35 beneficiaries under Plan No. 2, 34,550 options having been effectively granted to 34 beneficiaries.

On October 4, 2006, the shareholders' meeting, duly noting that there remained a number of options to be granted under Plan No. 1 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel, under Plan No. 1, to carry out a new stock option grant up to a maximum of 164,460 options. Furthermore, on the basis of a multi-criteria analysis, the shareholders' meeting fixed the stock option subscription price at €19 per Rexel share upon the exercise of an option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to grant 164,460 options to 7 beneficiaries under Plan No. 1.

The beneficiaries of options granted under Plan No. 1 and Plan No. 2 may exercise their option only upon expiry of a period of non-availability of 4 years as from the time they are granted.

Consequently, the table below sets forth the number of share subscription options definitively vested as of December 31, 2011 and which can be exercised at the term of the periods of non-availability.

PLAN	PLAN NO. 1			PLAN NO. 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, 2010	32,820	–	267,452	286,190	35,876
Number of shares that have been subscribed for as of December 31, 2011	–	–	267,452	70,200	9,500
Aggregate number of options that have been cancelled or lapsed	–	–	–	–	–
Outstanding options at the end of the financial year	32,820	–	–	215,990	26,376

(1) After the division of the par value of the Rexel share which occurred in 2007.

During the financial year ended December 31, 2011, 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, 2011, the 12 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
John Jeffrey Schaper	154,592	154,592	€9.50
Gerald Proll	28,216	28,216	€9.50
Joakim Forsmark	18,810	18,810	€9.50
Jeremy de Brabant	18,810	18,810	€9.50
Trevor Jones	18,810	18,810	€9.50
Matthieu Hauw	18,810	18,810	€9.50
Eric Dumont	9,404	9,404	€9.50
Yves Schoen	7,000	7,000	€5
Larry MacIntosh	4,000	4,000	€5
Pierre-Yves Richard	4,000	4,000	€5
Helmut Lindinger	4,000	4,000	€5
Franck Guyomard	4,000	4,000	€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 2001

At the extraordinary general meeting held on May 16, 2001, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares. The exercise period under this plan expired on May 15, 2011. As such, this plan was not assumed by Rexel Développement in connection with the merger by absorption of Rexel Distribution by Rexel Développement.

No option was granted or exercised under this plan in 2011.

Rexel Développement share subscription option plans established in 2002

On May 13, 2002, under the authorization granted by the shareholders of Rexel Distribution at the aforesaid extraordinary general meeting held on May 16, 2001, the Board of Directors of Rexel Distribution granted 360,543 options to subscribe for 360,543 Rexel Distribution shares at the price of €70.57 per Rexel Distribution share. These options cannot be exercised for a period of four years following the date of allocation. The beneficiaries of these options can subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 12, 2012 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price for the Rexel Distribution shares was adjusted. As of December 31, 2010, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2002 plan is €51.99 per share.

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, 78,884 options conferring the right to subscribe to 78,884 shares of Rexel Développement at the price of €26 per Rexel Développement share could be exercised.

Rexel Développement share subscription option plans established in 2003

At the extraordinary general 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 general 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, 2011:

				Pre-merger and completion of adjustments in July 2011			Post-merger and completion of adjustments in July 2011			As at December 31, 2011		
Date of shareholders' meeting	Option type	Number of options initially granted	Option grant date	Options exercisable	Purchase or subscription price as of grant date in euros)	Number of shares to which the options give a right	Options exercisable	Purchase or subscription price (in euros)	Number of shares to which the options give a right	Options exercisable	Purchase or subscription price (in euros)	Number of shares to which the options give a right
May 16, 2001	Share subscription options	360,543	May, 13 2002	39,442	51.99	39,442	78,884	26	78,884	78,884	26	78,884
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, 2011, no option to subscribe to shares of Rexel Développement was granted. One holder exercised 992 options conferring the right to subscribe to 992 shares of Rexel Développement at the price of €14.25 per Rexel Développement share.

8.1.2.6 Allotment of free shares

Allotment of free shares carried out during the financial year ended December 31, 2007

Pursuant to the authorizations granted by the Ordinary and Extraordinary shareholders' meeting held on March 20, 2007 and by the Supervisory Board on April 4, 2007, the Management Board decided on April 11, 2007:

- to grant 5,022,190 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;
- to set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the holding period, as included in the regulations of plans for granting shares free set out by the Management Board (the **"Plans"**). The regulations of the Plans are designated in function of their specific terms and conditions by the letters A, B, C, D, E, and F;
- to establish (i) the list of the names of the beneficiaries of the free share awards (collectively, the **"Beneficiaries of Free Shares"**), (ii) the number of free shares granted to each of the Beneficiaries of Free Shares, and (iii) the conditions applicable to each of the Beneficiaries of Free Shares according to Plans A, B, C, D, E and/or F under which, as the case may be, they are granted free shares.

On April 4, 2007, 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 allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these awards of free shares, certain Beneficiaries of Free Shares left the Rexel Group, thus liberating 45,949 shares that could be granted for free to new employees. Consequently, on October 5, 2007, the Supervisory Board authorized the Management Board to proceed with distributing the liberated shares to new employees who entered the Rexel Group between April 11, 2007 and

October 29, 2007. On October 29, 2007, the Management Board decided:

– to grant 33,991 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;

– to amend the two plans, E and F, that were implicated in the granting of the liberated shares, designated by the titles "Plan for Granting Free Shares 2+2 with conditions of performance 2007/2008" and "Plan for Granting Free Shares 4+0 with conditions of performance 2007/2008";

– to establish (i) the list of the names of the new beneficiaries of awards of free shares, (ii) the number of free shares granted to each of them, and (iii) the conditions applicable to each of the beneficiaries according to amended plans E and F under which, as the case may be, they have been granted the free shares.

The table below summarizes the free shares allocations carried out in 2007:

PLAN	A	B	C	D	E		F	
Shareholders' Meeting	March 20, 2007							
Management Board	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	April 11, 2007	October 29, 2007
Number of beneficiaries	22	36	22	36	134	6	372	5
Initial number of free shares allocated	1,302,133	1,254,443	607,655	585,400	333,435	7,474	939,124	26,517
Corporate officers								
– Jean-Charles Pauze	353,810	–	165,111	–	–	–	–	–
– Nicolas Lwoff [(1)]	180,203	–	84,094	–	–	–	–	–
– Pascal Martin	180,203	–	84,094	–	–	–	–	–
– Jean-Dominique Perret	120,136	–	56,063	–	–	–	–	–
Top ten employees [(2)]	1,520,263							
Date of final allocation	April 11, 2009	April 11, 2011	April 11, 2009	April 11, 2011	April 11, 2009	October 29, 2009	April 11, 2011	October 29, 2011
Date of transferability of shares	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	October 30, 2011	April 12, 2011	October 30, 2011
Number of free shares allocated and valid at December 31, 2010	–	1,254,443	–	542,099	–	–	800,948	24,467
Number of free shares irrevocably allocated as of December 31, 2011	–	1,249,647	–	540,026	–	–	800,948	24,467
Number of free shares that have been cancelled or lapsed	–	4,796	–	2,073	–	–	–	–
Number of free shares allocated and effective as of December 31, 2011	–	–	–	–	–	–	–	–

(1) Nicolas Lwoff left the Rexel Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

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 acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011).

During the financial year ended December 31, 2011, the retention period in respect of the shares delivered to the corporate officers on April 12, 2009 expired.

During the financial year ended December 31, 2011, the top twenty-one employees of the Rexel Group irrevocably acquired the following shares, under the plans providing for a 4-year vesting period:

	NUMBER OF SHARES IRREVOCABLY ACQUIRED	
BENEFICIARIES	PLAN B (1)	PLAN D (2)
Dan Palumbo	164,210	70,961
Dick Waterman	164,210	70,961
Werner Hardt	151,570	65,498
Jeffrey Hall	120,604	52,118
Henri-Paul Laschkar	116,925	50,528
Jeff Schaper	27,105	11,713
Pascal Buchner	21,266	9,190
Tim Copeland	21,266	9,190
Mark Daniel	21,266	9,190
Mark Dendle	21,266	9,190
Wayne Donaldson	21,266	9,190
Richard Ferguson	21,266	9,190
Pat Foley	21,266	9,190
Douglas Hample	21,266	9,190
Timothy Hogan	21,266	9,190
John Kudlacek	21,266	9,190
Guy Picken	21,266	9,190
Alan Rosenfeld	21,266	9,190
Hubert Salmon	21,266	9,190
Peter Schiller	21,266	9,190
Thomas Steffen	21,266	9,190

(1) Terms of acquisition of the shares under plan B:
1-year presence condition.
(2) Terms of acquisition of the shares under plan D :
1-year presence condition and a performance condition based on 2007 EBITDA.

Allotment of free shares carried out during the financial year ended December 31, 2008

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 20, 2008, the Management Board decided on the principle of granting free shares and, during its meeting on June 23, 2008, decided:

- to definitively establish (i) the criteria and conditions for allocating free shares, in particular the conditions of performance, and (ii) the term of the period of acquisition and, as the case may be, of the holding period for the shares, as they appear in the regulations for plans granting free shares established by the Management Board (the **"Plans"**). The regulations of the Plans are designated, in accordance with their specific terms and conditions, by the denominations "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 1,541,720 free Rexel shares under the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code.

On May 20, 2008, 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 allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these allocations of free shares, 21,784 Rexel shares were liberated because certain beneficiaries left the Rexel Group.

In accordance with the twenty-seventh resolution of Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008, the Management Board has decided, on October 1, 2008, to proceed with a second allocation of free shares and:

- to modify the maturity dates of the periods of acquisition and transfer of the Plans, the performance criteria being identical to those established for the grant on June 23, 2008;
- to proceed with a free grant of 66,241 Rexel shares, pursuant to the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code;
- to confirm and definitively set the list of beneficiaries of grants of free shares under the Plans.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2008:

PLAN	COMEX REXEL 2+2	COMEX REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0	COMEX REXEL 2+2	COMEX REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' Meeting	May 20, 2008							
Management Board	June 23, 2008				October 1, 2008			
Number of beneficiaries	7	6	130	279	–	1	3	10
Initial number of free shares allocated	241,211	217,920	280,698	801,891	–	28,436	3,456	34,349
Corporate officers								
– Jean-Charles Pauze	70,708	–	–	–	–	–	–	–
– Nicolas Lwoff [(1)]	35,581	–	–	–	–	–	–	–
– Pascal Martin	35,581	–	–	–	–	–	–	–
– Jean-Dominique Perret	35,581	–	–	–	–	–	–	–
Top ten employees [(2)]	328,021							
Date of final allocation	June 23, 2010	June 23, 2012	June 23, 2010	June 23, 2012	October 1, 2010	October 1, 2012	October 1, 2010	October 1, 2012
Date of transferability of shares	June 24, 2012	June 24, 2012	June 24, 2012	June 24, 2012	October 2, 2012	October 2, 2012	October 2, 2012	October 2, 2012
Number of free shares allocated and valid at December 31, 2010	–	37,889	–	327,199	–	4,944	–	9,711
Number of free shares that have been cancelled or lapsed:	–	–	–	–	–	–	–	–
– Number of free shares permanently acquired as of December 31, 2011	–	–	–	–	–	–	–	–
– Number of free shares allocated and effective at December 31, 2011	–	37,889	–	327,199	–	4,944	–	9,711

(1) Nicolas Lwoff left the Rexel Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

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 acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011).

During the financial year ended December 31, 2011, no shares were irrevocably acquired under those plans.

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 decided on the principle of granting free shares, and, during its meeting on May 11, 2009, decided:

- to definitively set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of plans for granting shares free set out by the Management Board (the "Plans"). The regulations of the Plans are designated in function of their specific terms and conditions by the codes "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 1,372,166 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

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, 2010	78,776	169,981	192,865	611,211
Initial number of free shares cancelled or having lapsed (3), including:	–	4,141	3,225	8,636
– Number of free shares that have lapsed as a result of the condition of presence	–	4,141	3,225	8,636
– Number of free shares that have lapsed as a result of the performance condition	–	–	–	–
Initial number of free shares irrevocably acquired as of December 31, 2011	78,776	–	189,640	–
Number of free shares allocated and valid at December 31, 2011	–	165,840	–	602,575

(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.
(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.

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 acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011).

During the financial year ended December 31, 2011, the corporate officers and the top ten employees irrevocably acquired the following shares:

	NUMBER OF SHARES IRREVOCABLY ACQUIRED	
BENEFICIARIES	COMEX REXEL 2+2 PLAN (3)	MANAGERS REXEL 2+2 PLAN (4)
CORPORATE OFFICERS (1)		
Michel Favre (2)	48,983	
TOP TEN EMPLOYEES		
Patrick Berard	29,793	
Laurent Delabarre		10,986
Franck Guyomard		8,241
Olivier Baldassari		5,495
Jérôme Baniol		5,495
Marie-Pierre Marchand		5,495
Xavier Derycke		5,285
Laurence Galand		5,285
Marc Maillet		5,285
Hélène Margat		5,285

(1) Messrs. Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret did not receive any free shares in 2009.
(2) Michel Favre was not a corporate officer at the time of the free share allocation of May 11, 2009.
(3) Terms of acquisition of shares under the COMEX 2+2 Plan: 2-year presence condition and following performance conditions:
- the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2008 and 2010;
- the acquisition of 25% of the free shares depends on the 2009 EBITDA level;
- the acquisition of 25% of the free shares depends on the 2009 Net Debt/2009 EBITDA ratio.

(4) Terms of acquisition of shares under the Managers 2+2 plan: 2-year presence condition and following performance conditions:
- the acquisition of 20% of the free shares depends on the EBITDA margin variation between 2008 and 2010;
- the acquisition of 20% of the free shares depends on the 2009 EBITDA level;
- the acquisition of 20% of the free shares depends on the 2009 Net Debt/2009 EBITDA ratio.

The remaining 40% is not subject to performance conditions, it is solely subject to the presence condition.

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 decided on the principle of granting free shares, and, during its meeting of May 11, 2010 decided:

- to determine on a permanent basis (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of the plans of allocation of free shares decided by the Management Board (the "Plans"). The regulations of the Plans are named based on their specific terms and conditions by the titles "Leadership Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- 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	78,708	–	–	–
– Michel Favre	35,581	–	–	–
– Pascal Martin	46,255	–	–	–
– Jean-Dominique Perret	39,910	–	–	–
Top eleven employees (1)	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 irrevocably allocated at December 31, 2010	–	–	–	–
Number of free shares allocated and valid at December 31, 2010	384,705	535,094	154,789	400,443
Number of free shares allocated and cancelled or expired, of which (2):	12,013	39,568	14,670	37,185
– Number of shares expired pursuant to the condition of presence	12,013	39,568	14,670	37,185
– Number of shares expired pursuant to the condition of performance	–	–	–	–
Number of free shares allocated and valid at December 31, 2011	372,692	495,526	140,119	363,258

(1) Considering the number of shares allocated to employees, the first eleven allocations were selected.
(2) Condition of presence not met or condition of performance not achieved.

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 acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011).

During the financial year ended December 31, 2011, no share was irrevocably acquired by the corporate officers or the 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 determine on a permanent basis (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of the plans of allocation of free shares decided by the Management Board (the "Plans"). The regulations of the Plans are named based on their specific terms and conditions by the titles "Leadership Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0", "MANAGERS Rexel 2+2", "Operating Managers 2+2", "Operating Managers 4+0";

– to grant 2,082,748 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

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.

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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	78,708	–	–	–	–	
– Michel Favre	35,581	–	–	–	–	
– Pascal Martin	39,910	–	–	–	–	
– Jean-Dominique Perret	35,581	–	–	–	–	
First ten employees	303,224					
Date of irrevocable acquisition	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 cancelled or expired, of which:	44,560	17,683	81,205	58,317	9,750	11,500
– Number of shares expired pursuant to the presence condition	7,620	5,119	40,245	24,838	9,750	11,500
– Number of shares expired pursuant to the performance condition	36,940	12,564	40,960	33,479	–	–
Number of free shares allocated and valid at December 31, 2011	384,643	160,248	426,674	425,793	86,625	375,750

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 acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011).

Free share plan created on October 11, 2011

Pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011, on October 6, 2011, the Supervisory Board authorized the Management Board to make various allocations, as part of, *inter alia,* the arrival of Rudy Provoost.

Thus, on October 11, 2011, the Management Board first decided to make an allocation to corporate officers and employees of the Rexel Group and:

- to determine on a permanent basis (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of the plans of allocation of free shares decided by the Management Board (the "Plans"). The regulations of the Plans are named based on their specific terms and conditions by the titles "Leadership Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 281,701 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

Additionally, in accordance with the authorization given by the Supervisory Board, an "Ordinary" plan was created by the Management Board on October 11, 2011, subject to the following terms:

- the sole beneficiary of the plan was Rudy Provoost;
- the criteria and conditions for granting the free shares decided by the Management Board included a two-year presence condition but no performance condition;
- 59,018 free Rexel shares were granted under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

Lastly, on October 11, 2011, the Management Board decided to allocate free shares to the members of the Executive Committee, including the managing corporate officers and certain key contributors, and:

- to confirm and determine on a permanent basis the list of the beneficiaries of the allocation of free shares under the plans of October 11, 2011;
- to determine on a permanent basis (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of the plans of allocation of free shares decided by the Management Board (the "Plans"). The regulations of the Plans are named based on their specific terms and conditions by the titles "Exceptionnel 5+0" and "Exceptionnel 3+2" and;
- to grant 1,343,310 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

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	MANAGER REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGER 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	90,419	–	–	–	–	–	–
– Pascal Martin	90,419	–	–	–	–	–	–
– Jean-Dominique Perret	57,485	–	–	–	–	–	–
– Jean-Charles Pauze	–	–	–	–	–	–	–
First ten employees	640,900						
Date of irrevocable acquisition	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 cancelled or expired, of which:	–	–	–	20,741	791	973	1,880
– Number of shares expired pursuant to the presence condition	–	–	–	–	–	–	–
– Number of shares expired pursuant to the performance condition	–	–	–	20,741	791	973	1,880
Number of free shares allocated and valid at December 31, 2011	840,334	502,976	59,018	215,791	10,138	7,408	23,979

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 acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2011).

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In the financial year ended December 31, 2011, 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	VALUE OF ALLOCATED SHARES	ACQUISITION DATE	DATE OF TRANSFERABILITY	PERFORMANCE CONDITIONS [(1)]
CORPORATE OFFICERS						
Rudy Provoost	Leadership 2+2 October 11, 2011	236,532	2,694,099	October 11, 2013	October 12, 2015	Leadership Plan 2+2
	Exceptional 3+2 October 11, 2011	430,155	3,084,211	October 11, 2014	October 12, 2016	Exceptional Plan 3+2
	Ordinary 2+2 October 11, 2011	59,018	672,705	October 11, 2013	October 12, 2015	None
Michel Favre	Leadership 2+2 May 12, 2011	35,581	612,705	May 12, 2013	May 13, 2015	Leadership Plan 2+2
	Exceptional 3+2 October 11, 2011	90,419	648,304	October 11, 2014	October 12, 2016	Exceptional Plan 3+2
Pascal Martin	Leadership 2+2 May 12, 2011	39,910	687,250	May 12, 2013	May 13, 2015	Leadership Plan 2+2
	Exceptional 3+2 October 11, 2011	90,419	648,304	October 11, 2014	October 12, 2016	Exceptional Plan 3+2
Jean-Dominique Perret	Leadership 2+2 May 12, 2011	35,581	612,705	May 12, 2013	May 13, 2015	Leadership Plan 2+2
	Exceptional 3+2 October 11, 2011	57,485	412,167	October 11, 2014	October 12, 2016	Exceptional Plan 3+2
Jean-Charles Pauze	Leadership 2+2 May 12, 2011	78,708	1,355,352	May 12, 2013	May 13, 2015	Leadership Plan 2+2
FIRST TEN EMPLOYEES						
Chris Hartmann	Leadership 4+0 May 12, 2011	55,900	917,878	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	105,106	646,402	October 11, 2016	October 12, 2016	Exceptional Plan 5+0
Patrick Bérard	Leadership 2+2 May 12, 2011	35,581	612,705	May 12, 2013	May 13, 2015	Leadership Plan 2+2
	Exceptional 3+2 October 11, 2011	79,042	566,731	October 11, 2014	October 12, 2016	Exceptional Plan 3+2
Henri-Paul Laschkar	Leadership 4+0 May 12, 2011	35,581	584,240	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	74,351	457,259	October 11, 2016	October 12, 2016	Exceptional Plan 5+0
Jérémy de Brabant	Leadership 2+2 May 12, 2011	20,648	355,559	May 12, 2013	May 13, 2015	Leadership Plan 2+2
	Exceptional 3+2 October 11, 2011	58,882	422,184	October 11, 2014	October 12, 2016	Exceptional Plan 3+2
Jeff Hall	Leadership 4+0 May 12, 2011	20,648	339,040	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	57,401	353,016	October 11, 2016	October 12, 2016	Exceptional Plan 5+0
Mitch Williams	Leadership 4+0 May 12, 2011	39,910	655,322	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	55,019	338,367	October 11, 2016	October 12, 2016	Exceptional Plan 5+0

BENEFICIARY	NAME AND DATE OF THE PLAN	NUMBER OF SHARES	VALUE OF ALLOCATED SHARES	ACQUISITION DATE	DATE OF TRANSFERABILITY	PERFORMANCE CONDITIONS (1)
Hubert Salmon	Leadership 4+0 May 12, 2011	20,648	339,040	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	56,387	346,780	October 11, 2016	October 12, 2016	Exceptional Plan 5+0
Michel Klein	Leadership 4+0 May 12, 2011	20,648	339,040	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	54,192	333,281	October 11, 2016	October 12, 2016	Exceptional Plan 5+0
Klaus Koster	Leadership 4+0 May 12, 2011	11,429	187,664	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	55,475	341,171	October 11, 2016	October 12, 2016	Exceptional Plan 5+0
Mark Daniel	Leadership 4+0 May 12, 2011	20,123	330,420	May 12, 2015	May 13, 2015	Leadership Plan 4+0
	Exceptional 5+0 October 11, 2011	45,045	277,027	October 11, 2016	October 12, 2016	Exceptional Plan 5+0

(1) Performance conditions:
- Leadership Plans, 2-year presence condition and following performance conditions:
  - the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2010 and 2012;
  - the acquisition of 25% of the free shares depends on the 2011 EBITDA level;
  - the acquisition of 25% of the free shares depends on the 2011 Net Debt/2011 EBITDA ratio
- Exceptional Plans, 3-year presence condition and following performance condition:
  The number of free shares acquired under the Performance Condition will be determined on the basis of the evolution of Rexel's TSR ("Total Shareholder Return") compared to the evolution of the TSR of a number of companies selected from a panel. The selected panel includes companies from Stoxx Europe TMI "Electronic & Electrical Equipment" at September 30, 2011 as well as the following companies: Electrocomponents, Wolseley, Farnel, Grainger, Anixter, and Wesco International.

8.1.2.7 Issuance and granting of warrants to subscribe for Rexel shares

On April 4, 2007, the Management Board decided to use the authorization granted to him by the Ordinary and Extraordinary Shareholders' Meeting of February 13, 2007 in its eleventh resolution in order to carry out an increase in Rexel's share capital reserved for the employees. In order to take into account the constraints relating to local regulation, the Management Board has decided that the subscription price of the shares reserved for the beneficiaries in Germany (the **"German Beneficiaries"**), within the context of the leverage formula, would correspond to 100% of the offer price, *i.e.* €16.50 (after the division of the par value of the Rexel share which occurred in 2007), the German Beneficiaries receiving, in lieu of the 20% discount, a warrant to subscribe for shares of Rexel (a **"Warrant"**) for each share subscribed for through the compartment "Rexel Germany Levier 2012" of the "Rexel Actionnariat International" Employee Investment Fund.

Number of Warrants issued

The number of shares subscribed for within the context of the leverage formula in Germany amounting to 40,594, 40,594 Warrants, attached to the said shares subscribed for through the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, approved by the AMF under the number FCE20070042, on behalf of the German Beneficiaries, holders of share of the "Rexel Germany Levier 2012" Employee Investment Fund, have been issued and freely allocated.

Form of the Warrants issued

The Warrants are held in registered form. They are registered in the name of the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, in an account maintained by BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris.

Terms of exercise of the warrants (BSAs)

The Warrants are exercisable at any time by the holder of the Warrants until April 30, 2012, inclusive. After April 30, 2012 at midnight, the Warrants which will not have been exercised will lapse.

The "Rexel Germany Levier 2012" Compartment of the "Rexel Actionnariat International" Employee Investment Fund, holder of the Warrants, will not be able to sell the Warrants except to BNP Paribas, underwriter, which will act as a counterpart within the context of the swap agreement entered into between BNP Paribas and the "Rexel Germany Levier 2012" compartment.

Representation of the Warrants holders

In accordance with article L.228-103 of the French Commercial Code, Warrants holders will be grouped together, to protect their common interests, in a collective group *(masse)* which shall have legal personality. The *Masse* is governed by provisions identical to those applicable to bonds, under articles L.228-47 to L.228-64, L.228-66 and L.228-90 of the French Commercial Code. A separate *Masse* for each type of securities giving access to the same rights will be, as the case may be, created.

Maintenance of the rights of the Warrants holders

In the event of a transaction affecting Rexel's share capital resulting in an adjustment in accordance with the provisions of articles L.228-98 *et seq.* of the French Commercial Code and articles R.228-87 *et seq.* of the French Commercial Code, the rights of the Warrants holders will be maintained through an adjustment of the subscription conditions in accordance with the provisions of the French Commercial Code above mentioned.

Exercise of the subscription right

Subject to the adjustments effected, as the case may be, in accordance with the above paragraph, each Warrant gives the right to subscribe for one new share of Rexel with a par value of €5 (as at the date of this *Document de Référence*) in consideration of a subscription price corresponding to the Offer Price as determined by the Management Board on April 2007, 16.50, *i.e.*, €16.50 (after the division of the par value of the Rexel share which occurred in 2007). The subscription price will have to be fully paid in cash by the Warrant holder in an amount corresponding to the number of Warrants exercised. The new shares subscribed upon exercise of the Warrants will be fully fungible with existing shares and shall confer to their holders the same rights.

An application will be immediately filed with respect to the listing of the new shares on the regulated market of NYSE Euronext in Paris.

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

Rexel is currently controlled directly by Ray Investment, a *société à responsabilité limitée* (limited liability company) governed by the laws of Luxembourg, which owned 70.78% of Rexel as at December 31, 2011 (it being noted that Ray Investment sold 30 million of Rexel shares on March 1, 2012). Ray Investment is owned, directly or indirectly, by Clayton, Dubilier & Rice, Inc., Eurazeo S.A., BAMLCP and Caisse de Dépôt et Placement du Québec. The remainder of Rexel's share capital is held by the principal Rexel Group senior managers and executives and the public.

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

CD&R, Eurazeo, BAMLCP, Caisse de Dépôt et Placement du Québec and Ray Investment (either directly or through their respective investment vehicles) entered into several agreements in order to structure their relationship as direct and indirect shareholders of Rexel. These agreements and the amendment thereto are described below.

Ray Investment Shareholders' Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec amended the existing Ray Investment shareholders agreement entered into on March 26, 2005 (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 the members of the Consortium 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, Eurazeo, BAMLCP 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. However, the Ray Investment Shareholders' Agreement will cease to apply to a given party at such time as such party no longer holds any interest in Ray Investment.

Rexel Shareholders' Agreement

On April 4, 2007, CD&R, Eurazeo and BAMLCP entered into a shareholders' agreement (the **"Rexel Shareholders' Agreement"**) in order to organize the corporate governance of Rexel. The Rexel Shareholders' Agreement has been amended on February 29, 2012 in order to extend its term.

The Rexel Shareholders' Agreement provides that Rexel's Supervisory Board comprises three members appointed from a list proposed by CD&R, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by BAMLCP and three independent members, one of whom may be appointed from a list proposed by BAMLCP, so long as such person meets independence criteria and BAMLCP's direct or indirect participation in Rexel's capital remains equal to at least 5%. The number of Supervisory Board members that may be nominated by CD&R, Eurazeo and BAMLCP may be reduced if their direct or indirect ownership of Rexel is reduced below certain thresholds.

CD&R has the right to nominate the first chairman of the Supervisory Board. Subsequently, if Eurazeo or BAMLCP's shareholdings are greater by 50% than CD&R's, Eurazeo or BAMLCP, as the case may be, will be entitled to nominate the chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board have the following four committees: an Audit Committee, a Compensation Committee, an Appointment Committee and a Strategic Committee.

Initially fixed at April 4, 2012 at the latest, the term of the Rexel Shareholders' Agreement has been extended until April 4, 2017. In addition, the Rexel Shareholders' Agreement will terminate on the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital or if such shareholders cease to control Rexel within the meaning of article L.233-3 of the French Commercial Code. Finally, the provision 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

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec entered into an agreement relating to the acquisition and disposal of Rexel's shares. CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec have restated and simplified this agreement through an agreement dated February 29, 2012 (the **"Liquidity Agreement"**) and have extended its term.

CD&R, Eurazeo, BAMLCP 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 preceeding 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, Eurazeo and BAMLCP). The other parties to the Liquidity Agreement will have the right to participate in such block trades or offerings, *prorata* 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, Eurazeo or BAMLCP.

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, Eurazeo and BAMLCP (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, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital. Furthermore, the provision of the Liquidity Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

Public Offering Rights Agreement

On February 13, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement in order to structure their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the partners of Ray Investment is able to request that, starting January 1, 2008, Ray Investment proceeds with the repurchase of all of such partner'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, *prorata* 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, Ray Investment and its partners entered into an agreement (the **"Cooperation Agreement"**) in order to structure their relationships in case of sale of Rexel's shares by Ray Investment or its partners in the context of a public offering or a private placement and to the extent that the proceeds of such offering would exceed €100 million (except for any public offer outside of France that would require the filing of a prospectus by a market authority).

The Cooperation Agreement notably specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers as well as the due diligences to be conducted in the context of these transactions. Rexel will not have to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter exceed €100 million (except for the initial public offering of Rexel's shares). Similarly, Rexel has no obligation to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares during the lock-up period, the length of which could be possibly modified upon request of the underwriters. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any secondary offering if/as long as Rexel's Supervisory Board considers that taking part to the latter would go against Rexel's corporate purpose.

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.

Under the senior credit agreement dated December 17, 2009, Rexel undertook not to declare, distribute or pay any dividend, expenses, fee or any other distribution (or interest in respect of any unpaid dividend, expenses, fee or any other distribution) in cash or in kind, in respect of its share capital, for the financial years ended December 31, 2009 and December 31, 2010, and, thereafter, for as long as the Indebtedness Ratio is above or equal to 4.00.

Rexel has distributed the following dividends in respect of the last three financial years:

YEAR	TOTAL DIVIDEND	DIVIDEND PER SHARE
2009	–	–
2010	€105,188,813	€0.40
2011	€173,048,840.90*	€0.65*

* 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, 2010. The option was open from May 27, 2011 until June 20, 2011. For the payment in shares, the issue price of the new Rexel shares had been set at €16 per share. Upon expiry of the exercise period, 215,198,425 coupons had been exercised in favour of a payment in shares, *i.e.* almost 82% of the total number of shares eligible for dividend, which demonstrates the shareholders' confidence in the share price evolution potential and in the strategy implemented by the Rexel Group. The option for a dividend payment in shares resulted in the creation of 5,376,107 new shares, representing 2.00% of the share capital and voting rights of Rexel, on the basis of the outstanding shares as at June 29, 2011, *i.e.* 268,775,792 shares.

In accordance with the provisions of law n°2011-894 of July 28, 2011, Rexel, in relation to the dividend paid in 2011 in respect of 2010, 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 €150.

8.2 SHARE CAPITAL

8.2.1 Subscribed share capital and authorized but unissued share capital

As of December 31, 2011, Rexel's share capital amounted to €1,344,098,795, divided into 268,819,759 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, 2010, Rexel's share capital amounted to €1,301,064,980, divided into 260,212,996 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 20, 2010 and May 19, 2011 granted various authorizations to the Management Board, which used such powers and authorizations as described below. In addition, at its meeting held on February 2, 2012, 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 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 20, 2010 (resolution 22)	26 months (July 19, 2012)	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 from the total limit of: – share capital increase reserved to the employees for an amount of €1,780,615 (excluding issuance premium), *i.e.*, 356,123 shares (November 17, 2010); – allocation of free shares for an amount of €676,170, *i.e.*, 135,234 shares (August 31, 2010); – allocation of free shares for an amount of €10,413,740, *i.e.*, 2,082,748 shares (May 12, 2011); – allocation of free share for an amount of €8,420,145, *i.e.*, 1,684,029 shares (October 11, 2011).	26	26 months	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €800,000,000 Joint maximum amounts applicable to certain resolution relating to the issuance of Shares and/or Debt securities

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	CURRENT AUTHORIZATIONS				AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuance by way of public offering with cancellation of the preferential subscription right	May 20, 2010 (resolution 23)	26 months (July 19, 2012)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000	Not applicable	27	26 months	Shares: € 400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts should be deducted from the maximum amounts provided under the 26th resolution
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 20, 2010 (resolution 24)	26 months (July 19, 2012)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000	Not applicable	28	26 months	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts should be deducted from the maximum amounts provided under the 26th resolution
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 20, 2010 (resolution 25)	26 months (July 19, 2012)	15% of initial issuance	Not applicable	29	26 months	15% of initial issuance This maximum amount should be deducted from the maximum amount relating to the initial issuance and from the maximum amount provided under the 26th resolution
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 20, 2010 (resolution 26)	26 months (July 19, 2012)	10% of the share capital on the date of the decision of the Management Board determining the offering price per 10-month period	Not applicable	30	26 months	10% of the share capital on the date of the decision of the Management Board determining the offering price per 10-month period This maximum amount should be deducted from the maximum amount relating to the initial issuance and from the maximum amount provided under the 26th resolution

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 20, 2010 (resolution 29)	26 months (July 19, 2012)	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance	Not applicable	35	26 months	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount should be deducted from the maximum amount provided under the 26th resolution
Issuance in consideration for shares contributed under a public exchange offering	May 20, 2010 (resolution 30)	26 months (July 19, 2012)	€250,000,000 (*i.e.* 50,000,000 shares)	Not applicable	36	26 months	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount should be deducted from the maximum amount provided under the 26th resolution
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 20, 2010 (resolution 31)	26 months (July 19, 2012)	€200,000,000 (*i.e.* 40,000,000 shares)	Not applicable	37	26 months	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is independent from the maximum amount provided under the 26th resolution
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 19, 2011 (resolution 17)	18 months (November 18, 2012)	10% of the share capital on the date of cancellation by 24-month period	Not applicable	25	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 19, 2011 (resolution 20)	26 months (July 18, 2013)	2% of the share capital on the date of the decision of the Management Board	Not applicable	33	26 months	2% of the share capital on the date of the decision of the Management Board This maximum amount This should be deducted from the maximum amount provided under the 26th resolution The amounts of the issuances carried out on the basis of the 34th resolutions should be deducted from this maximum amount

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CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuances reserved to certain categories of beneficiaries in order to implement employee shareholding transactions	Not applicable	Not applicable	Not applicable	Not applicable	34	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 maximum amount of the 33rd resolution and from the maximum amount provided under the 26th resolution
Free share allocations	May 19, 2011 (resolution 18)	26 months (July 18, 2013)	2.5% of the share capital on the date of the decision of the Management Board	Allocation of free share for an amount of €8,420,145, *i.e.*, 1,684,029 shares (October 11, 2011).	31	26 months	2.5% of the share capital on the date of the decision of the Management Board This maximum amount is common to the 31st and 32nd resolutions and should be deducted from the maximum amount provided under the 26th resolution
Issuance of stock subscription or purchase options	May 19, 2011 (resolution 19)	26 months (July 18, 2013)	2.5% of the share capital on the date of the decision of the Management Board	Not applicable	32	26 months	2.5% of the share capital on the date of the decision of the Management Board This maximum amount is common to the 31st and 32nd resolutions and should be deducted from the maximum amount provided under the 26th resolution
BUY-BACK BY REXEL OF ITS OWN SHARES							
Shares repurchases	May 19, 2011 (resolution 15)	18 months (November 18, 2012)	10% of the share capital on the completion date Aggregate maximum amount: €200,000,000 Maximum repurchase price: €22	Utilisation: – under the liquidity contract for market-making purposes; – for the purpose of delivering free shares: 1,975,000 shares.	22	18 months	10% of the share capital on the completion date Aggregate maximum amount: 250,000,000 € Maximum buy-back price: €22

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 19, 2011

Characteristics of the share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 19, 2011 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	26,881,975 (*i.e.* 10% of the share capital at December 31, 2011)
Aggregate maximum amount of the plan	€200 million
Maximum price per share	€22
Duration of the plan	18 months, *i.e.* until November 19, 2012

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 articles L.225-117 of the French Commercial Code, any allocations of free shares 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, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations of shares in connection with profit sharing plans, 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, 2011

Overview

During the financial year ended December 31, 2011, Rexel purchased 7,548,419 shares at an average price of €13.86 and for a total cost of €104,655,141, representing 3.9% of Rexel's share capital. Of these shares, 5,573,419 were acquired for market-making purposes under liquidity contracts (described below) and 1,975,000 shares were acquired with a view to their delivery to the beneficiaries of free share allocations.

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Transactions carried out by Rexel on its own shares for the year ended December 31, 2011 mainly consisted of:

Number of shares cancelled during the last 24 months	–
Number of shares held by Rexel as treasury shares as of December 31, 2011	2,590,773
Percentage of capital directly or indirectly held by Rexel as of December 31, 2011	0.96%
Book value of the treasury shares	€31,381,774.27
Market value of the treasury shares as of December 31, 2011	€34,198,203.60

Rexel did not hold open positions at purchase or at sale as of December 31, 2011.

Breakdown by objective

The Management Board decided to implement the share repurchase plan with a view to serving two objectives.

Liquidity contract

Until September 11, 2011, Rexel implemented the 2011 share repurchase plan approved by Rexel's shareholders' meeting of May 19, 2011 under a liquidity contract entered into with Crédit Agricole Cheuvreux. Rexel terminated this contract on September 30, 2011 and, with effect as from October 3, 2011, entrusted Natixis with the implementation of a liquidity contract that complies with the AMF ethics charter.

During the financial year ended December 31, 2011, 5,573,419 shares of Rexel were acquired by Crédit Agricole Cheuvreux and subsequently by Natixis pursuant to the liquidity contract, at an average price of €14.52, and 5,060,646 shares of Rexel were sold by Crédit Agricole Cheuvreux and subsequently by Natixis pursuant to the liquidity contract, at an average price of €14.60.

As of December 31, 2011, Rexel held 615,773 treasury shares, with a par value of €5 each, acquired at an average price of €12.40, representing an aggregate purchase value of €7,635,585, recorded as a reduction to the shareholders' equity, representing 0.23% of the share capital of Rexel.

The trading costs borne by Rexel in connection with these purchases amount to €131,560 in 2011.

Free share allocation

Additionally, as from November 16, 2011, Rexel decided to implement the share repurchase plan for the purpose of delivering existing shares in connection with the free share allocation plans set up by the Management Board (see paragraph 8.1.2.6 "Free share allocations" of this *Document de Référence*).

During the financial year ended December 31, 2011, 1,975,000 Rexel shares were purchased by Rexel for an average price of €12.024.

At December 31, 2011, Rexel held 1,975,000 treasury shares with a par value of €5 each, purchased at an average price per share of €12.02, *i.e.* an aggregate purchase value of €23,739,500, recorded as a reduction to the shareholders' equity, representing 0.73% of Rexel's share capital.

The trading costs borne by Rexel in connection with these purchases amount to €23,748 in 2011.

Information on the share repurchase plan submitted to the approval of the shareholders' meeting

At its meeting of February 2, 2012, 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 articles L.225-117 of the French Commercial Code, any allocations of free shares 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, any allocations of free shares 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, where 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, 2011, Rexel was holding 2,590,773 of its shares representing 0.96% of Rexel's share capital, the maximum number of Rexel shares capable of being repurchased represents, as at December 31, 2011, 9.04% of Rexel's share capital, *i.e.* 24,301,306 Rexel shares.

Maximum purchase price

The maximum purchase price per share would be set at €22, 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 could pursue the implementation of its share repurchase plan, in compliance applicable laws and regulations.

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 16, 2013.

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*.

8.2.4.3 Warrants *(bons de souscription d'actions)*

Rexel has issued warrants *(bons de souscription d'actions)* in accordance with the terms set forth in paragraph 8.1.2.7 "Issuance and granting of warrants to subscribe for Rexel 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, 2011.

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 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
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

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 14, 2009	Share capital increase following the definitive acquisition 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 definitive acquisition 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
June 24, 2010	Share capital increase further to the final acquisition 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 final acquisition 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

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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 (€)
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 final acquisition 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 final acquisition 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 final acquisition of free shares	24,467	122,335	NA	1,344,001,295	268,800,259	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*. The main stipulations described below are drawn from the by-laws of Rexel as updated following the decisions of the Management Board of October 31, 2011.

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 the age of 65. 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 (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);

– 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 19.1 of the Notes to the consolidated financial statements of the Company for the financial year ended December 31, 2011, 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 France" and the "Rexel Actionnariat 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.

During their plenary meeting in 2011, the members of the supervisory boards of the French and International funds representing holders of shares benefited from a training provided by an external service provider regarding in particular the terms and conditions of the liquidation of the employee savings plan implemented in 2007, at the end of the 5-year lock-up period.

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 19.1.2 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2011, set out in chapter 5 “Consolidated Financial Statements” of this *Document de Référence*);

– the 2009 and 2010 Bonds (see note 19.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2011, set out in chapter 5 “Consolidated Financial Statements” of this *Document de Référence*); and

– the 2011 Bonds (see note 19.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2011, set out in chapter 5 “Consolidated Financial Statements” of this *Document de Référence*);

– the bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender for an amount of €40 million decreased to € 30,6 million as at December 31, 2011 (see paragraph 7.5.1 “Principal related party transactions” 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 19.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2011, 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 | 2011 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*.

8.6.3 | The annual document

The list of information published or made public by Rexel in the course of the last 12 months established according to article 222-7 of the General Rules of the *Autorité des marchés financiers* is as follows:

DATE	TITLE
PRESS RELEASES (AVAILABLE ON www.rexel.com)	
January 4, 2011	Rexel Group receives award for its “Rexel + protection for all” universal welfare scheme
January 20, 2011	Rexel accelerates its growth in emerging countries with three acquisitions in Brazil, China and India
January 28, 2011	Rexel signs 5-year outsourcing contract with Atos Origin
January 31, 2011	Rexel continues its growth in China by acquiring Wuhan Rockcenter Automation
February 9, 2011	Rexel France attends Eneo salon and renewable energies salon
February 9, 2011	Fourth-quarter & full-year 2010 results
April 11, 2011	Terms and condition for the payment of the dividend in shares
April 11, 2011	2010 *Document de Référence*
May 2, 2011	Ordinary and Extraordinary Shareholders’ Meeting of May 19, 2011
May 3, 2011	Rudy Provoost to join Rexel’s Management Board and become its Chairman in 2012 when Jean-Charles Pauze steps down
May 12, 2011	First-Quarter 2011 results
May 16, 2011	Compensation of members of Rexel’s Management Board
May 19, 2011	Description of the share buyback program
May 19, 2011	Report of the Rexel’s Annual General Meeting
May 23, 2011	Rexel launches €500 million note offering
May 23, 2011	Rexel acquires a second company in India: AD Electronics
May 24, 2011	Successful placement of the euro notes issue of €500 million
May 24, 2011	Renewal of the mandates of the members of the Management Board and severance packages
June 6, 2011	Three Rexel employees rewarded at *“Un des Meilleurs Ouvriers de France”* contest
June 20, 2011	Rexel’s Supervisory Board: replacement of the members representing Bank of America Merrill Lynch
June 21, 2011	Rexel launches webmag on the topic of the new challenges of electrical efficiency
June 30, 2011	Results of the option offered to shareholders to receive a dividend payment in shares
July 27, 2011	Second-quarter & half-year 2011 results
October 3, 2011	Termination and implementation of a liquidity contract
October 13, 2011	“General consumers and the question of energy efficiency”: Rexel reveals the results of the first international survey conducted by Harris Interactive
November 9, 2011	Third-quarter & 9-month 2011 results
PUBLICATIONS IN THE *BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES* (AVAILABLE ON www.journal-officiel.gouv.fr)	
April 11, 2011	Convening of shareholders’ meeting
May 2, 2011	Convening of shareholders’ meeting
June 24, 2011	2010 financial statements
DOCUMENTS FILED WITH THE CLERK OF THE COMMERCIAL COURT (AVAILABLE FROM THE CLERK OF THE COMMERCIAL COURT OF PARIS)	
February 1, 2011	Updated by-laws
February 1, 2011	Extract of minutes: Share capital increase, Amendments of by-laws
April 12, 2011	Updated by-laws
April 12, 2011	Extract of minutes – Share capital increase
May 12, 2011	Updated by-laws

DATE	TITLE
May 12, 2011	Extract of minutes: Share capital increase, Amendments of by-laws
May 19, 2011	Updated by-laws
May 19, 2011	Extract of minutes
May 19, 2011	Extract of minutes: Renewal of Supervisory Board members
June 16, 2011	Extract of minutes: Change in Supervisory Board members
June 30, 2011	Updated by-laws
June 30, 2011	Certificate: Bank certificate
June 30, 2011	Extract of minutes: Share capital increase, Amendments of by-laws
July 21, 2011	Update by-laws
July 21, 2011	Extract of minutes: Share capital increase
October 6, 2011	Extract of minutes: Appointment of Management Board member
October 31, 2011	Extract of minutes: Share capital increase

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE*

Rudy Provoost, Chairman of the Management Board of Rexel.

8.7.1 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 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, 2009, set out on pages 85 to 142 of the *Document de Référence* for the financial year ended December 31, 2009 registered by the AMF on April 21, 2010 under number R.10-024 and which are incorporated by reference in this document, have been the subject of a report of the auditors which contains the following note:

"Without qualifying our opinion, we draw your attention to the matter set out in note 2.2.1 to the consolidated financial statements regarding the changes in accounting policy relating to the first application of IFRS 8 "Operating segments" and IFRIC 13 interpretation "Customer loyalty programs"."

Rudy Provoost
Chairman of the Management Board of Rexel
Paris, March 15, 2012

8.7.2 | 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

8.7.3 | 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, 2012, should be as follows:

Q1, 2012 results	May 3, 2012
Shareholders' meeting	May 16, 2012
H1, 2011 results	July 27, 2012
Q3, 2011 results	October 31, 2012

8.8 | STATUTORY AUDITORS

8.8.1 | Principal statutory auditors

Ernst & Young Audit
Represented by Pierre Bourgeois

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")*.

KPMG Audit
Represented by Hervé Chopin

1, cours Valmy
92923 Paris La Défense

KPMG Audit was appointed principal statutory auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. 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, 2011.

KPMG is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

A draft resolution appointing PriceWaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine cedex, as principal statutory auditor for a term of six financial years is submitted to the Shareholders' Meeting, following a call for tenders procedure conducted upon recommendations of the Audit Committee.

8.8.2 | Deputy statutory auditors

Auditex
11, allée de l'Arche
92400 Courbevoie

Auditex was appointed alternate 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.

S.C.P. de Commissaires aux comptes Jean-Claude André et Autres
2 bis, rue de Villiers
92309 Levallois-Perret

Jean-Claude André et Autres was appointed deputy statutory auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its 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, 2011.

A draft resolution appointing Anik Chaumartin, 63, rue de Villiers, 92208 Neuilly-sur-Seine cedex, as deputy statutory auditor for a term of six financial years is submitted to the Shareholders' Meeting, following a call for tenders procedure conducted upon recommendations of the Audit Committee.

8.8.3 | Fees paid to statutory auditors

The table below sets forth the fees paid to Ernst & Young Audit and KPMG Audit for services performed during 2011 and 2010:

	KPMG AUDIT				ERNST & YOUNG AUDIT			
	AMOUNT		%		AMOUNT		%	
((in millions of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
AUDIT SERVICES								
Auditor fees and fees for other Audit work (1)								
Issuer	0.5	0.5	15.6%	16.2%	0.5	0.5	11.4%	14.9%
Consolidated Entities	2.1	2.2	62.0%	68.2%	2.5	2.2	57.5%	68.0%
Sub-total (1)	**2.6**	**2.7**	**77.7%**	**84.3%**	**3.0**	**2.7**	**68.9%**	**82.9%**
Other work and services directly related to Audit work (2)								
Issuer	0.1	0.0	3.0%	0.4%	0.2	0.1	3.7%	2.0%
Consolidated Entities	0.5	0.1	15.2%	7.2%	1.0	0.4	24.0%	13.3%
Sub-total (2)	**0.6**	**0.2**	**18.2%**	**7.5%**	**1.2**	**0.5**	**27.7%**	**15.3%**
Sub-total	**3.2**	**3.0**	**95.9%**	**91.9%**	**4.1**	**3.2**	**96.6%**	**98.2%**
OTHER SERVICES NON AUDIT RELATED (3)								
Legal, Tax, Social	0.1	0.2	2.3%	4.2%	0.1	0.1	3.4%	1.8%
Other	0.1	0.1	1.8%	3.9%	–	–	–	–
Sub-xtotal (3)	**0.1**	**0.3**	**4.1%**	**8.1%**	**0.1**	**0.1**	**3.4%**	**1.8%**
TOTAL	**3.4**	**3.2**	**100.0%**	**100.0%**	**4.3**	**3.3**	**100.0%**	**100.0%**

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9 ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 16, 2012

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, 2011, 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 section 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 section 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 16, 2012

Report of the Supervisory Board at the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2012

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, 2011 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, 2011. 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, 2011 show a net profit of €50,512,277.65. The total balance sheet as at December 31, 2011 amounts to €5,005.3 million. The Company's consolidated financial statements for the financial year ended December 31, 2011 show a turnover of €12,717.1 million, a gross margin of €3,117.5 million, an operating income of €596.9 million and a net income of €319.0 million. The total consolidated balance sheet as at December 31, 2011 amounts to €9,735.5 million.

The annual financial statements and the consolidated financial statements of the Company for the financial year ended December 31, 2011 and the management report of the Management Board do not give rise to any particular comments on our part.

During the financial year 2011, 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.

As part of these duties, the Supervisory Board and the Special Committees (Audit Committee, Compensation Committee, Appointment Committee and Strategic Committee) have continued to work closely with the Management Board.

In 2011, the Rexel Group recorded a consolidated turnover of €12,717.1 million, in progression of 6.3% in published data. In comparable data and based on a constant number of days, the sales for the financial year 2011 marked a progression of 6.2%.

The beginning of the financial year 2012 marked by the termination of the functions of Jean-Charles Pauze as a member and the Chairman of the Management Board. Jean-Charles Pauze had directed the Rexel Group since 2002. The Supervisory Board would like to thank Jean-Charles Pauze for the work carried out during these years.

During the financial year ended December 31, 2011, the activity of the Rexel Group was marked in particular by the following events:

– the Rexel Group pursued it strategy aiming to develop its market shares by acquiring the control of Yantra Automation (India), of AD Electronics (India), of Wuhan Rockcenter Automation (China), of the assets of Beijing Lucky Well Zhineng (China), of Nortel Suprimentos Industriais (Brazil), of V&F Tecnologia (Peru), Delamano (Brazil), Tegro (Germany), R-Scan (France) and Eurodis Sécurité (France);

– In May 2011, Rexel issued senior bonds bearing interest at a rate of 7% and coming to a term in 2007 for an 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 16, 2012. It is proposed, *inter alia*:

– to approve the annual and consolidated financial statements for the financial year ended December 31, 2011 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 agreement(s) concluded during the financial year ended December 31, 2011;

– to authorize the performance criteria related to the deferred compensation of Michel Favre, Pascal Martin, Jean-Dominique Perret et Rudy Provoost;

– to acknowledge the end of the term of office as member of the Supervisory Board of Roberto Quarta, Eurazeo, Manfred Kindle, François David and Fritz Fröhlich and to renew their respective mandate for a term of four years;

– to appoint Thomas Farrell as member of the Supervisory Board for a term of four years;

– to approve the co-option of Angel L. Morales and of Akshay Singh as member of the Supervisory Board;

– to appoint PricewaterhouseCoopers Audit as statutory auditor of the Company in replacement of KPMG Audit and Anik Chaumartin as alternate statutory auditor of the Company in replacement of SCP de Commissaires aux comptes Jean-Claude André et Autres;

– to authorize the Management Board to carry out transactions on the Company's shares and to reduce the share capital of the Company by cancellation of the shares acquired pursuant to any share repurchase plan;

– to determine the amount of the attendance fees allocated to the members of the Supervisory Board;

– to grant new delegations and authorizations to the Management Board with respect to financial matters, in particular:

(i) a delegation of authority in order to decide to increase the share capital by issuance, with upholding of the shareholders' preferential subscription right, of ordinary and/or securities conferring 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 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 or in the future, to the share capital of the Company or to debt securities,

(iii) a delegation of authority in order to decide upon the issuance, with cancellation of the 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 or in the future, to the share capital of the Company or to debt securities (meaning an offering exclusively to the benefit of persons providing investment services consisting in portfolio management of third parties or 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 to increase the amount of issuances, with cancellation or upholding of the shareholders' preferential subscription right, in case of excess demands,

(v) an authorization 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 the share capital per year,

(vi) an authorization to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries,

(vii) an authorization to grant options to subscribe for new shares of the Company or to purchase existing shares of the Company,

(viii) an authorization 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 right for the benefit of members of a company savings plan,

(ix) a delegation of authority 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;

(x) a delegation of powers in order to decide the issuance of ordinary 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,

(xi) a delegation of authority in order to increase the share capital by issuance of ordinary shares and/or securities giving access to the shares capital of the Company as compensation of the contribution of shares undertaken in the scope of a public exchange offering, and

(xii) a delegation of authority in order to decide to increase the share capital by incorporation or premiums, reserves, profits or other items that may be capitalized;

These draft resolutions do not give rise to any particular comments on our part.

Signed in Paris
on February 8, 2012
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 2011

Report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal control for the financial year 2011

This report is 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 (**"Rexel"** or the **"Company"**) within the group of which it is the holding company (the **"Rexel Group"**).

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 2011 in terms of internal control and risk management. This report of the Chairman of the Supervisory Board was reviewed by the Audit Committee in its meeting of February 7, 2012, in presence of the representatives of the statutory auditors of the Company, then approved by the Supervisory Board in its meeting of February 8, 2012, in presence of the representatives of the statutory auditors of the Company.

This report is presented to you as part of the ordinary and extraordinary shareholders' meeting of Rexel to be held on May 16, 2012 (the **"Shareholders' Meeting"**).

1. | CONDITIONS UNDER WHICH THE WORK OF THE SUPERVISORY BOARD HAS BEEN PREPARED AND ORGANIZED

The Company is a French *société anonyme* with a Management Board and Supervisory Board, thereby separating managerial powers from supervisory powers.

1.1 Applicable rules and principles

The Supervisory Board is organized and carries out its missions in accordance with the applicable legal provisions, the Company's by-laws and its rules of procedure.

1.1.1 The Supervisory Board's rules of procedure

The Supervisory Board's rules of procedure, approved on February 13, 2007 and most recently amended on May 11, 2011 aim to complete and specify the legal, regulatory and statutory provisions governing the Supervisory Board's organization and operation as well as the rights and duties of its members.

The Supervisory Board's rules of procedure include provisions relating to the Supervisory Board's competence, the organization of Supervisory Board meetings, the composition of the Supervisory Board, the Supervisory Board's ethics, the compensation of Supervisory Board members, the independent members of the Supervisory Board, the observer(s) *(censeur(s))* of the Supervisory Board or of its Committees.

The Supervisory Board's rules of procedure are available on the Company's website (www.rexel.com) and its main provisions are described in the Company's 2011 *Document de référence* (paragraph 7.1.2).

1.1.2 The corporate governance repository

The corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) is the Company's reference in terms of corporate governance.

The Company believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

– taking into account the Company's shareholding structure, the provisions of the agreements between shareholders and Joe Adorjan's resignation as independent member of the Supervisory Board, the number of independent members on the date of this report stood at three out of eleven for the Supervisory Board, one out of five for the Audit Committee, two out of five for the Appointment Committee and three out of six for the Compensation Committee. To replace Joe Adorjan, a draft resolution appointing Thomas Farrell as member of the Supervisory Board is submitted to the Shareholders' Meeting. In accordance with the criteria set forth in the rules of procedure of the Supervisory Board, Thomas Farrell would qualify as an independent member of the Supervisory Board and its appointment as member of the Audit Committee and the Strategic Committee would be submitted to the Supervisory Board, subject to his appointment as member of the Supervisory Board by the Shareholders' Meeting. Thomas Farrell was appointed as observer of the Supervisory Board on November 8, 2011;

– the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. Indeed, 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)*, as applicable) of the members of the Management Board would be paid in cases of termination of the corporate mandate 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 termination at the initiative of the corporate officer or in case of a change in his duties within the Rexel Group (see paragraph 7.3 "Compensation of corporate officers" of the *Document de référence*);

– in case of voluntary or compulsory retirement, in order to protect the interests of Rexel and the Rexel Group taken as a whole, the non-compete provisions may be applicable;

– the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 7.3.4 "Pension, retirement or similar benefits" of the *Document de référence*);

– Jean-Charles Pauze's employment contract with Rexel Développement, which has been suspended since March 1, 2007, was not terminated at the time his term of office as member of the Management Board of Rexel was renewed on May 19, 2011. Rexel wished for Jean-Charles Pauze to be able to continue to work within the Rexel Group for a limited period of time (until December 31, 2012) after the expiry of his corporate mandate, so as to facilitate the transition process with the new Chairman of the Management Board of Rexel, Rudy Provoost;

– the share subscription and free share plans set up by Rexel prior to the publication of the AFEP-MEDEF guidelines of October 2008 (integrated into the AFEP-MEDEF corporate governance code) have not been amended in order to take such guidelines into account due to the practical issues that such amendments would have involved;

– the free share allocations decided on May 11, 2010, May 12, 2011 and October 11, 2011 for the benefit, *inter alia*, of the members of the Management Board of Rexel, were not subject to an obligation for the latter to purchase on the market a number of shares during the availability period of the free shares. 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 "Ordinary Plan" relating to the allocation of free shares decided by the Management Board on October 11, 2011 to Rudy Provoost (see paragraph 8.1.2.6 "Allotment of free shares" of the *Document de référence*) provides that the vesting of the shares is subject to a presence criteria but does not provide any performance criteria. This exceptional allocation of free shares to Rudy Provoost, which has been approved by the Supervisory Board, upon the recommendations of the Compensation Committee, is justified by (i) the appointment at the head of the Rexel Group of Rudy Provoost who bears a rare manager profile in respect of 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 lost when accepting to join the Rexel Group;

– 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 the *Document de référence*) for Rudy Provoost account for a significant percentage of his gross compensation. The Supervisory Board of Rexel, upon 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 was of the opinion that this allocation 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;

- on the basis of the above considerations, the Supervisory Board, upon the recommendations of the Compensation Committee, authorized, upon the arrival of Rudy Provoost within the Rexel Group, that free shares be exceptionally allocated 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 the *Document de référence*);
- 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 the *Document de référence*) have not been granted at the same periods as the previous allocations. These allocations have been 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 period of the year.

The AFEP/MEDEF corporate governance code is available on the dedicated website (www.code-afep-medef.com).

1.2 Organization of the Supervisory Board

1.2.1 The Supervisory Board's missions

The Supervisory Board continuously supervises the way in which the Management Board manages the Company, as per the provisions of the law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the specific duties provided in articles L.225-68 *et seq.* of the French Commercial Code.

Moreover, pursuant to the Company's by-laws, certain decisions of the Management Board require the prior approval of the Supervisory Board:

- approval of the annual budget;
- approval 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 (including 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 the Company and appointment and dismissal of the Company's permanent representatives to such board of directors or equivalent body;
- proposed resolutions to be submitted to the Shareholders' Meeting and use of delegations of authority or powers granted by the Shareholders' Meeting, in relation 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 its share capital or of a company in which it directly or indirectly owns half of the capital, or 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 the realization of any investment expense, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of all or part of equity interests, regardless of the amount);
- the creation of any business division or subsidiary, investments in any business division or the acquisition of any equity interest in a company located in a country in which the Company 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 the Company at the benefit of the employees of the Company or its subsidiaries;
- entering into merger, spin-off or asset transfer agreements;
- admission to trading of securities issued by the Company or one of its subsidiaries on a regulated market;
- any transaction entailing a material change in the scope of the business of the Company and its subsidiaries; and

– any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

1.2.2 Information of the Supervisory Board

Supervisory Board members receive the documents and the relevant information necessary to carry out their duties and to prepare for the proceedings. Information and documents are generally sent to members of the Supervisory Board six days before the meetings of the Supervisory Board and at the latest three days before such meetings. Such information is comprised of the agenda to the meeting of the Supervisory Board, draft resolutions, draft reports and any other document necessary to the analysis of the items on the agenda.

Furthermore, the Supervisory Board carries out reviews and controls as it deems appropriate and can request all documents that it deems necessary to perform its duties.

Moreover, at least once every quarter, the Management Board submits to the Supervisory Board a report on the Company's business activity. The Supervisory Board also reviews and makes observations on such report prepared by the Management Board.

Finally, the Management Board or the Chairman of the Management Board informs the Supervisory Board members of events or transactions that are significant for the Company and the Rexel Group.

1.2.3 Members of the Supervisory Board

The Supervisory Board's Members

In the financial year ended December 31, 2011, the Supervisory Board was made up of eleven members: Roberto Quarta (Chairman), Patrick Sayer (deputy Chairman), Eurazeo (represented by Marc Frappier), Luis Marini-Portugal, David Novak, Angel L. Morales (co-opted by the Supervisory Board as at June 16, 2011 in replacement of Matthew Turner), Manfred Kindle, Akshay Singh (co-opted by the Supervisory Board as at June 16, 2011 in replacement of Amaury Hendrickx), Fritz Fröhlich, François David and Françoise Gri.

Joe Adorjan resigned from his duties as member of the Supervisory Board and member of the Audit Committee on February 8, 2011.

On November 8, 2011, the Supervisory Board appointed Thomas Farrell as observer *(censeur)* of the Supervisory Board. A draft resolution aiming to appoint Thomas Farrell as member of the Supervisory Board is submitted to the Shareholders' Meeting. Thomas Farrell meets the independence conditions set forth by the AFEP-MEDEF corporate governance code.

Six members of the Supervisory Board are foreign nationals (Germany, United States, Switzerland). The observer is a U.S. national.

Furthermore, the Supervisory Board comprises one female member which allows it to be in compliance with the provisions of French law n°2011-103 enacted on January 27, 2011 relating to the balanced representation of women and men within boards of directors and supervisory boards and to the professional equality.

In accordance with the gradual renewal procedure for the duties of the members of the Supervisory Board as provided by article 19.2 of the by-laws of the Company, the terms of office of David Novak, Luis Marini-Portugal and Matthew Turner (who resigned and was replaced by Angel L. Morales) were renewed for a term of 4 years by the Rexel shareholders' meeting held on May 19, 2011.

Furthermore, the terms of office of Roberto Quarta, Eurazeo, Manfred Kindle, François David and Fritz Fröhlich will end after the Shareholders' Meeting. Draft resolutions to renew their terms of office for a term of 4 years are submitted to the Shareholders' Meeting.

Independent Members of the Supervisory Board

The Supervisory Board's rules of procedure provide the definition of and criteria for independence. An independent member of the Supervisory Board shall not:

– be an employee or corporate officer of the Company or of the Rexel Group, an employee or director of a shareholder that controls the Company alone or in concert with others (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;

– be a corporate officer of a company in which the Company directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of the Company (incumbent or having held such position within less than five years) holds the office of director;

– be a client (or be directly or indirectly related to a client), supplier, banker, corporate banker or investment banker:

  • significant to the Company or the Rexel Group, or

  • or whom the Company or the Rexel Group represents a significant portion of the business activity;

– have any family ties with any corporate officer of the Company or the Rexel Group;

– have been an auditor of the Company or of any Rexel Group company within the last five years;

– serve as corporate officer of the Company for more than 12 years;

– receive or have received important additional compensation from the Company or the Rexel Group, other than directors' fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of the Company may be deemed to be independent if such shareholders do not control the Company within the meaning of article L.233-3 of the French Commercial Code. However, when a member of the Supervisory Board represents a shareholder of the Company that directly or indirectly owns more than 10% of the Company's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the independent qualification by taking into account the share ownership of the Company and the existence of a potential conflict of interest.

The status of independent member is discussed, on a yearly basis, by the Appointments Committee which prepares a report on this issue. Each year, in the light of this report, the Supervisory Board reviews the situation of each member of the Supervisory Board with regard to independence criteria.

Based on this review for the year ended December 31, 2011, three Supervisory Board members were independent: Fritz Fröhlich, François David, and Françoise Gri.

It also results from this review that one member of the Audit Committee was independent during the year ended December 31, 2011 (Fritz Fröhlich). The Appointments Committee included two independent members during the year ended December 31, 2011 (Fritz Fröhlich and Françoise Gri). The Compensation Committee included three independent members during the year ended December 31, 2011 (François David, Françoise Gri and Fritz Fröhlich, it being specified that the latter was appointed as member of the Compensation Committee as at November 8, 2011). The Strategic Committee included one independent member during the year ended December 31, 2011 (François David).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel and of the Committees. In order to replace him, a draft resolution aiming to appoint Thomas Farrell as member of the Supervisory Board is submitted to the approval of the shareholders' meeting. The Supervisory Board will resolve on the appointment of Thomas Farrell as member of the Audit Committee and the Strategic Committee following and subject to his appointment as member of the Supervisory Board.

1.2.4 Assessment of the operation of the Supervisory Board

In accordance with its rules of procedure, Rexel's Supervisory Board evaluates its organization and operation based on a questionnaire addressed to its members. The responses to this questionnaire are presented on an anonymous basis and debated during meetings of the Supervisory Board which defines potential avenues for new growth. The organization and methods of operation of the Supervisory Board are formally assessed every three years.

The assessment conducted in respect of the financial year ended December 31, 2011 shows that the members of the Supervisory Board are globally satisfied with the membership, organization and functioning of the Supervisory Board and of the Committees of the Supervisory Board. In particular, members of the Supervisory Board have insisted on the quality of the information which has been communicated in respect of the various meetings of the Supervisory Board in a timely manner. The members of the Supervisory Board are of the opinion that the attendance to the meetings of the Supervisory Board was satisfactory. In addition, certain suggestions have been made in order to improve the work of the Supervisory Board, in particular with respect to (i) the composition of the Supervisory Board (increase the number of women, of independent members and of foreign members), (ii) the holding of the meetings of the Supervisory Board (adjust the number and the format of the meetings depending on the items discussed), (iii) the topics discussed during the meetings of the Supervisory Board and of the Committees (develop discussions on social and environmental matters, adjust the information provided in connection with contemplated acquisitions, develop discussions relating to strategy) and (iv) the organization and the functioning of the Strategic Committee (adjust the frequency and the duration of the meetings as well as the information provided on the basis of the topics discussed).

1.2.5 The specialized Committees of the Supervisory Board

In order to carry out its duties properly and facilitate its decisions and discussions, the Supervisory Board has set up four specialized Committees responsible for giving their opinion, proposals or recommendations, each in their respective field: an Audit Committee, an Appointments Committee, a Compensation Committee and a Strategic Committee.

The Committees have only advisory powers and perform their duties under the responsibility of the Supervisory Board.

Each Committee has rules of procedure, approved by the Supervisory Board, the principal provisions of which are described in the Company's 2011 *Document de référence* (paragraph 7.1.3).

The Audit Committee

The Audit Committee was set up on March 1, 2007 and, for the year ended December 31, 2011, it was made up of four members, one of whom is an independent member: Fritz Fröhlich (Chairman), David Novak, Luis Marini-Portugal and Akshay Singh (who replaced Matthew Turner as from June 16, 2011).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and of member of the Audit Committee of Rexel. Subject to his appointment as member of the Supervisory Board by the Shareholders' Meeting, the appointment of Thomas Farrell as member of the Audit Committee shall be submitted to the Supervisory Board's approval following the said Shareholders' Meeting upon the recommendation of the Appointments Committee.

The rules of procedures of the Audit Committee take into account the conclusions of the working group on audit committees set up by the AMF.

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 paragraph 1.2.3 of this report). The criteria for independent members of the Committees, in particular of the Audit Committee, are identical. During the financial year ended December 31, 2011, three Supervisory Board members were deemed independent: Fritz Fröhlich, François David and Françoise Gri. Within the Audit Committee, during this financial year ended, Fritz Fröhlich was therefore deemed 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 duties of the Audit Committee are mainly (i) to review and control the financial and accounting information, (ii) to control the statutory auditor's mission and independence, (iii) to control internal audit procedures and monitor the internal control and risk management systems efficiency.

The Audit Committee met 7 times during the financial year, in particular prior to the Supervisory Board meetings convened to decide on the financial statements prepared by the Management Board, and reported to the Supervisory Board on its work.

The Finance, Control and Legal Affairs Manager, the Administrative and Financial Manager, the Internal Audit Manager, the Consolidation, Standards and Procedures Manager and the Financing and Treasury Manager as well as the statutory auditors attended each of these meetings.

Its work focused in particular on the review (i) of the annual financial statements for the year ended December 31, 2010 as well as the condensed half-yearly financial statements as at June 30, 2011 and the condensed quarterly financial statements as at March 31, 2011 and September 30, 2011, (ii) of the proper application of accounting principles, (iii) of the tax situation of the Rexel Group's subsidiaries, (iv) the Rexel Group's financial indebtedness, (v) of main off-balance-sheet items, (vi) of the main financial guidelines, (vii) of the audit and internal control work and (viii) of the process implemented to update the Rexel Group's risk mapping, (ix) of various matters related to risks and internal control and risk management systems, (x) the setting up of new securitization program within the Rexel Group and (xi) the term of the mandate of one of the statutory auditors and of one of the alternate statutory auditors at the end of the shareholders' meeting.

The statutory auditors have submitted their findings in relation to the audit of the annual financial statements for the year ended December 31, 2010, the limited review of the half-yearly summary financial statements as at June 30, 2011, and the procedures carried out in connection with the quarterly summary financial statements as at March 30, 2011, June 30, 2011 and September 30, 2011.

The average attendance rate for the Audit Committee was 74%.

The Compensation Committee

The Compensation Committee was created on March 1, 2007 and was made up, during the financial year ended December 31, 2011, of six members, three of whom are independent: Françoise Gri (Chairman), Luis Marini-Portugal, Roberto Quarta, François David, Akshay Singh (who replaced Amaury Hendrickx as from June 16, 2011) and Fritz Fröhlich.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Compensation Committee of Rexel. On November 8, 2011, Fritz Fröhlich was appointed as member of the Compensation Board in replacement of Joe Adorjan.

Its duties are mainly as follows: (i) make recommendations to the Supervisory Board on the compensation of Management Board members and of Executive Committee members as well as the components of this compensation (determining the variable components or additional components such as the pension scheme and benefits in kind), (ii) be informed of the penalties considered in the event of the breach in the employment contract by a Management Board member or by a member of the Executive Committee, and provide an opinion in this respect to the Chairman of the Supervisory Board, and (iii) provide an opinion on the policy for the allocation of shares subscription options and/or shares purchase options and of allocation of free shares, relating to all categories of beneficiaries, and make a recommendation on the frequency of such allocations and on the terms and conditions thereof.

During 2011, the Compensation Committee met 12 times and reported to the Supervisory Board on its work. Its work, which was reported to the Supervisory Board, mainly focused on (i) compensation propositions to managers, (ii) compensation propositions and the allocation of free shares to Rexel Group executives, (iii) analysis of the compensation of the independent members of the Supervisory Board, (iv) compensation proposed to be paid to the members of the Management Board within the context of the renewal of their mandate and (v) compensation proposed to be paid to Rudy Provoost within the context of his appointment as member of the Management Board of the Company.

The average attendance rate for the Compensation Committee was 84%.

The Appointments Committee

The Appointments Committee was set up on March 1, 2007 and, for the year ended December 31, 2011, it was made up of five members, two of whom are independent members: Patrick Sayer (Chairman), Roberto Quarta, Fritz Fröhlich, Angel L. Morales (who replaced Matthew Turner as from June 16, 2011) and Françoise Gri.

Its duties are mainly as follows: (i) provide an opinion on the advisability of appointments, dismissals, redundancies, and renewals of the terms of office of the members and of the Chairman of the Supervisory Board, of members and of the Chairman of the Audit, Strategic and Compensations Committees, of members and of the Chairman of the Management Board and of members of the Executive Committee, and provide an opinion on the applications under consideration, in terms of skills, availability, adequacy and complementarities with other members of the Supervisory Board, of the Management Board, or of the Executive Committee, (ii) propose the status of independent member for members of the Supervisory Board, (iii) monitor compliance with the independence criteria, provide an opinion in this respect and advise the Chairman of the Supervisory Board on the number of independent members, and (iv) be able to propose at any time a successor for the Chairman of the Management Board or of the Supervisory Board, if necessary.

During 2011, the Appointments Committee met 8 times and reported to the Supervisory Board on its work. The Appointments Committee proposed *inter alia* (i) the appointment of a new member and Chairman of the Management Board, (ii) the appointment of members of the Supervisory Board's Committees following the appointment and renewal of terms of office decided by the shareholders' meeting of Rexel of May 19, 2011 and (iii) the renewal of the mandate of the member of the Management Board.

The average attendance rate for the Appointments Committee was 92%.

The Strategic Committee

The Strategic Committee was set up on March 1, 2007 and, it was made up of four members during the financial year ended December 31, 2011, one of whom is an independent member: David Novak (Chairman), Patrick Sayer, François David and Angel L. Morales (who replaced Matthew Turner as from June 16, 2011).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and as member of the Strategic Committee of Rexel. Subject to his appointment as member of the Supervisory Board by the Shareholders' Meeting, the appointment of Thomas Farrell as member of the Strategic Committee shall be submitted to the Supervisory Board's approval following the said Shareholders' Meeting upon the recommendation of the Appointments Committee.

The Committee's duties are (i) to review and provide an opinion to the Supervisory Board on the Company's proposed strategic plans and annual budgets prepared by the Management Board (to this effect, the Committee may hear Management Board members regarding the assumptions used in the preparation of the said plans), (ii) to review and provide an opinion to the Supervisory Board on the proposed acquisition or disposal of assets or business lines, as well as on investment expenses, in each case for an enterprise value exceeding the threshold above which these operations are subject to the prior authorization of the Supervisory Board, (iii) to review and provide an opinion to the Supervisory Board on the creation of any business line or subsidiary, investments in any business line or the acquisition of any shareholding, in a country in which the Company does not operate, (iv) to review and provide an opinion to the Supervisory Board on any of the Company's proposed loans or take-over of liabilities, for an amount exceeding the limit above which these transactions are subject to the prior authorization of the Supervisory Board, (v) to review and to provide an opinion to the Supervisory Board on all proposed mergers, spin-offs or transfer of assets regarding the Company, (vi) to review and provide an opinion to the Supervisory Board on any proposed admission for trading of the Company's (or one of its subsidiaries') shares on a regulated market, (vii) to review and provide an opinion to the Supervisory Board on any transaction giving rise to a significant change in the scope of business of the Company and of its subsidiaries, and (viii) to review, together with the Audit Committee, the Rexel Group's financial situation.

During 2011, the Strategic Committee met 9 times and reported to the Supervisory Board on its work. The Strategic Committee especially worked during the year on the issuance of senior bonds, the various acquisitions and disposals projects contemplated by the Rexel Group and on the 2012 budget.

The average attendance rate for the Strategic Committee was 60%.

1.3 The Supervisory Board's work during the financial year 2011

During the financial year ending December 31, 2011, the Supervisory Board met 13 times, upon having been convened, in accordance with the by-laws and the rules of procedure. The average attendance rate was 82%.

During the year ended December 31, 2011, the Supervisory Board resolved *inter alia* on the following issues:

– the review of the financial statements for the financial year ended December 31, 2010;

– the review of the 2010 *Document de référence*;

– the preparation of the shareholders' meeting of May 19, 2011;

– the review of the quarterly and half-yearly financial statements, the quarterly and half-yearly reports of the Management Board as well as related financial communication;

– the review of the work carried out by the Supervisory Board Committees;

– the additional issue of senior bonds;

– the authorization to allot free shares to the benefit of certain employees of the Rexel Group;

– the Rexel Group's budget for 2011 and the three-year strategic plan;

– the setting up of a new securitization programme within the Rexel Group;

– the appointment of a new member and Chairman of the Management Board and the fixing of his compensation;

– the renewal of the mandate of the members of the Management Board, as well as the determination of their compensation; and

– the Rexel Group's development plans.

The Supervisory Board has been informed of progress on the main projects carried out by subsidiaries of the Rexel Group.

2. | COMPENSATION OF CORPORATE OFFICERS

2.1 Compensation of Supervisory Board Members

The Company's shareholders meeting may approve the payment of attendance fees to members of the Supervisory Board.

The Supervisory Board:

– pays attendance fees to its members as it sees fit;

– sets the level of compensation for the Supervisory Board's Chairman and Deputy Chairman which can be both fixed and variable;

– may approve the payment of exceptional compensation for tasks or assignments entrusted to members of the Supervisory Board; and

– may approve the reimbursement of traveling costs and expenses incurred by its members for the purposes of the Company.

The Company's shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of February 8, 2011 decided, within the scope of the allocated global amount, to allocate a compensation to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the gross amount of €30,000 and (ii) a variable portion in the gross amount of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each Chairman of a Committee of the Supervisory Board who is an independent member thereof.

In addition, the Supervisory Board, on November 8, 2011, decided, within this global amount, to grant to the observer of the Supervisory Board a compensation, calculated on a *pro-rata* basis as from the date of his appointment, including (i) a fixed portion in the gross amount of €30,000 and (ii) a variable portion in the gross amount of up to €30,000 that may be allocated to the extent of his attendance to the meetings of the Supervisory Board and the Audit Committee and the Strategic Committee.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 8, 2012 decided that the variable portion for 2011 would amount to €30,000 for Françoise Gri, €30,000 for Fritz Fröhlich, €20,100 for François David and €2,500 for Joe Adorjan.

2.2 Compensation of Management Board members

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 personal goals and other criteria relative to Rexel. The personal 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. The Company- 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.

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.

Upon its meetings of February 8, 2011, March 16, 2011 and October 6, 2011, the Supervisory Board determined the compensation of the Chairman and of the members of the Management Board for the financial year ended December 31, 2011.

2.2.1 Compensation and Benefits

Rudy Provoost

For the financial year ended December 31, 2011, the compensation of Rudy Provoost as member of the Management Board of the Company was comprised of:

(i) a base gross amount;

(ii) an annual variable bonus based on objectives that may reach up to 100% of the annual gross compensation if 100% of the determined objectives are met. This variable annual bonus is based for 75% on financial objectives and for 25% on qualitative objectives. If the financial results met exceed 100% of the determined financial objectives, the variable bonus, can reach up to 145.5% of 75% and shall stay to 100% for the 25% remaining. The financial objectives for 2011 were EBITDA in percentage of turnover and in volume, ATWC and the increase of the sales compared to the budget. The chosen qualitative objectives are based on items relating to the activity of Rudy Provoost in his own fields of responsibility;

(iii) housing allowance *(allocation logement)*, paid on a *prorate temporis* basis; and

(iv) benefits in kind consisting of an executive director's unemployment coverage (GSC).

Moreover, to the extent that Rudy Provoost, as a result of his decision to join the Rexel Group, may loose a portion of his variable compensation due by his former employer in respect of 2011, it has been decided to compensate, as the case may be, 50% of this amount.

In addition, Rudy Provoost benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined-benefits retirement plan, a medical check-up and the professional fees of a tax and pension advisor.

The amounts paid to Rudy Provoost under his compensation are detailed at paragraph 7.3.1.1 of the Company's 2011 *Document de Référence*.

Michel Favre

For the financial year ended December 31, 2011, the compensation of Michel Favre as a member of the Management Board of the Company was comprised of:

(i) a base gross amount;

(ii) an annual variable bonus based on objectives that may reach up to 65% of the gross fixed annual compensation in the event of the achievement of 100% of the individual and financial objectives. This variable annual bonus is based for 60% on financial objectives relative to Rexel Group results and for 40% on qualitative objectives. If the financial results met exceed 100% of the determined financial objectives, the variable bonus, can reach up to 145.5% of 60% and shall stay to 100% for the 40% remaining. The financial objectives for 2011 were EBITDA in percentage of turnover and in volume, ATWC and the increase of the sales compared to the budget. Qualitative objectives are based on items relating to the activity of Michel Favre in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a gas card as well as an executive director's unemployment coverage (GSC).

Furthermore, during its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, established a retention plan to the benefit of all the members of the Executive Committee of Rexel, including the managers (to the exception of Jean-Charles Pauze). This retention plan is related to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the managers and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional allocation of free shares with performance conditions described at paragraph 8.1.2.6 of the Company's 2011 *Document de Référence*. Subject to its effective presence as at December 31, 2012, Michel Favre shall be entitled in February 2013 to an exceptional bonus. This bonus could be paid on a *prorata temporis* basis in case of departure before said date unless in the event of a gross negligence *(faute grave)*, willful misconduct *(faute lourde)* or resignation.

In addition, Michel Favre benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined-benefits retirement plan, a medical check-up and the professional fees of a tax and pension advisor.

The amounts paid to Michel Favre under his compensation are detailed at paragraph 7.3.1.1 of the Company's 2011 *Document de Référence*.

Pascal Martin

For the financial year ended December 31, 2011, the compensation of Pascal Martin as member of the Management Board of the Company was comprised of:

(i) a base annual amount;

(ii) an annual variable bonus based on objectives that may reach up to 65% of the gross fixed annual compensation in the event of the achievement of 100% of the individual and financial objectives. This variable annual bonus is based for 70% on financial objectives relative to Rexel Group results and for 30% on qualitative objectives. If the financial results reached exceed 100% of the determined financial objectives, the variable bonus, can reach up to 145.5% of 70% and shall stay to 100% for the 30% remaining. The financial objectives for 2011 were EBITDA in percentage of turnover and in volume, ATWC and the increase of the sales compared to the budget. Qualitative objectives are based on items relating to the activity of Pascal Martin in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a gas card as well as an executive director's unemployment coverage (GSC).

Furthermore, during its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, established a retention plan to the benefit of all the members of the Executive Committee of Rexel, including the managers (to the exception of Jean-Charles Pauze). This retention plan is related to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the managers and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional allocation of free shares with performance conditions described at paragraph 8.1.2.6 of the Company's 2011 *Document de Référence*. Subject to its effective presence as at December 31, 2012, Pascal Martin shall be entitled in February 2013 to an exceptional bonus. This bonus could be paid on a *prorata temporis* basis in case of departure before said date unless in the event of a gross negligence *(faute grave)*, willful misconduct *(faute lourde)* or resignation.

In addition, Pascal Martin benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined-benefit retirement plan, a medical check-up and the professional fees of a tax and pension advisor.

The amounts paid to Pascal Martin under his compensation are detailed at paragraph 7.3.1.1 of the Company's 2011 *Document de Référence*.

Jean-Dominique Perret

For the financial year ended December 31, 2011, the compensation of Jean-Dominique Perret as member of the Management Board of the Company was comprised of:

(i) a base annual amount;

(ii) an annual variable bonus based on objectives that may reach up to 60% of the gross fixed annual compensation in the event of the achievement of 100% of the individual and financial objectives. This variable annual bonus is based for 65% on financial objectives relating to the Rexel Group's results and for 35% on qualitative objectives. The chosen financial objectives for 2011 were EBITDA in percentage of sales and in volume, ATWC and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

For the financial year ended December 31, 2011, Jean-Dominique Perret's compensation in respect of his salaried duties as Group Delegate for International Affairs was comprised of:

(i) a gross base compensation;

(ii) an annual variable target-based portion which may reach 60% of his gross annual base compensation, in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial objectives relating to the Rexel Group's results and for 35% on qualitative objectives. If the financial results reached exceed 100% of the determined financial objectives, the variable bonus, can reach up to 145.5% of 65% and shall stay to 100% for the 35% remaining. The chosen financial objectives for 2011 are EBITDA in percentage of sales and in volume, ATWC and Free Cash Flow. The chosen qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a fuel card.

Furthermore, during its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, established a retention plan to the benefit of all the members of the Executive Committee of Rexel, including the managers (to the exception of Jean-Charles Pauze). This retention plan is related to the transition period at the head of the Rexel

Group, for the members of the Executive Committee and the managers and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional allocation of free shares with performance conditions described at paragraph 8.1.2.6 of the Company's 2011 *Document de Référence*. Subject to its effective presence as at December 31, 2012, Jean-Dominique Perret shall be entitled in February 2013 to an exceptional bonus. This bonus could be paid on a *prorata temporis* basis in case of departure before said date unless in the event of a gross negligence *(faute grave)*, willful misconduct *(faute lourde)* or resignation.

In addition, Jean-Dominique Perret benefits from the following advantages:

– in his capacity as member of the Management Board: a health insurance, a welfare insurance, a basic and supplementary pension, a defined benefit plan, which takes into account his seniority as of January 1, 2009, a health check-up, and compensation for tax and retirement advisors' fees;

– in his capacity as Group Delegate for International Affairs: 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.

The amounts paid to Jean-Dominique Perret under his compensation are detailed at paragraph 7.3.1.1 of the Company's 2011 *Document de Référence*.

Jean-Charles Pauze

Jean-Charles Pauze resigned from his functions as member and Chairman of the Management Board of Rexel on February 13, 2012. His employment contract with Rexel Développement SAS, suspended since March 1, 2007, is back in force since the same day. As part of his new functions, Jean-Charles Pauze is responsible of missions regarding external growth and consolidation of clients/suppliers relationships.

For the financial year ended December 31, 2011, the compensation of Jean-Dominique Perret as Chairman of the Management Board of the Company was comprised of:

(i) a base annual amount;

(ii) an annual variable bonus based on objectives that may reach up to 120% of the gross fixed annual compensation in the event of the achievement of 100% of the determined objectives. This variable annual bonus was based for 75% on financial objectives relating to the Rexel Group's results and for 25% on qualitative objectives. If the results reached exceed 100% of the determined objectives, the variable bonus, can reach up to 120% without exceeding a limit of 130% of the base annual amount. The financial objectives for 2011 were EBITDA in percentage of turnover and in volume, ATWC and the increase of the sales compared to the budget. Chosen qualitative objectives are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;

(iii) a hardship allowance related to the travelling in France and abroad; and

(iv) benefits in kind consisting of a company car and a gas card.

In addition, Jean-Charles Pauze benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined-benefit retirement plan, a medical check-up and the professional fees of a tax and pension advisor.

The amounts paid to Jean-Charles Pauze under his compensation are detailed at paragraph 7.3.1.1 of the Company's 2011 *Document de Référence*.

2.2.2 Severance packages

In case of revocation of his corporate office, Rudy Provoost shall benefit from a severance package subject to performance criteria specified in a decision of the Supervisory Board of October 6, 2011 and that are submitted to the approval of the Shareholders' Meeting.

Moreover, the employment agreements of Michel Favre, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, undertakings to pay an indemnity in the event of a departure, subject to performance criteria that have been decided upon by the Supervisory Board's meeting of May 19, 2011 and that are submitted to the approval of the Shareholders' Meeting.

Finally, the employment contract of Jean-Charles Pauze provided, under certain conditions, an undertaking to pay an indemnity in case of departure, subject to performance criteria. This commitment has not been renewed upon the renewal of Jean-Charles Pauze's duties on May 19, 2011. Jean-Charles Pauze then resigned from his functions of member and Chairman of the Management Board as of February 13, 2012, date on which his employment contract entered into force again. Within this context, Jean-Charles Pauze's employment contract was amended in order, among others, to remove the undertaking to pay a severance package.

Rudy Provoost

Rudy Provoost has not concluded any employment contract with any of the companies of the Rexel Group.

If his term of office within the Company should end, in accordance with the decision of the Supervisory Board of October 6, 2011, Rudy Provoost shall benefit from a gross several indemnity *(indemnité de rupture brute)* corresponding to 24 months of his monthly reference compensation. The monthly reference compensation is defined as the gross annual fixed compensation applicable plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months.

This gross several indemnity includes, if applicable, the compensatory non-compete indemnity. The several indemnity is not applicable in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or retirement leave or compulsory retirement leave.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such severance packages, with the exception of the compensatory non-compete indemnity, are subject to the following performance criteria:

- the payment of 50% of the severance package shall depend 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 the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the corporate functions (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 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 consolidated audited financial statements for the last financial period preceding the date of termination of the corporate functions (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 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 consolidated audited financial statements for the last financial period preceding the date of termination of the corporate functions (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 shall only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, whatever the cause of departure form 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 employment term of office. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Michel Favre

Michel Favre's employment contract with Rexel Développement S.A.S. is suspended since May 20, 2009.

If his term of office within the Company should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre 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 willful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre 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 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 gross contractual indemnity includes 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 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.

In the event of termination of contractual relations, the notice period is of 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.

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 are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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 the Company'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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 the Company'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre'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.

Pascal Martin

Pascal Martin's employment contract with Rexel Développement S.A.S. is suspended since January 1, 2008.

If his term of office within the Company should end, Pascal Martin's employment agreement with Rexel Développement S.A.S. 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 willful 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 gross contractual indemnity includes 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 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.

In the event of termination of contractual relations, the notice period is of 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.

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 are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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 the Company'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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 the Company'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 fulfillment of these conditions.

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.

Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Group Delegate for International Affairs.

His employment agreement with Rexel Développement S.A.S. provides, in the event of the termination of the employment contract at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an 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 bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This gross contractual indemnity includes 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 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.

In the event of termination of contractual relations, the notice period is of 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.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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 the Company'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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 the Company'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's 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.

Jean-Charles Pauze

Prior to the termination of his functions as member and Chairman of the Management Board

Jean-Charles Pauze has an employment contract with Rexel Développement S.A.S., which had been suspended between March 1, 2007 and February 13, 2012, the termination of his functions as member and President of the Management Board of Rexel.

Before May 19, 2011, the date on which he has been renewed in his functions as member and President of the Management Board, if his employment contract was to be terminated at the employer's initiative, unless resulting from serious misconduct or gross negligence or compulsory retirement leave, Jean-Charles Pauze benefited from a commitment to pay him contractual indemnities in lieu of notice and for termination of the employment agreement, described in the *Document de Référence* of Rexel for the year ended December 31, 2010.

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 were subject to performance criteria based on the levels of EBITDA, operating WCR and ROCE of the Rexel Group, also described in the *Document de Référence* of Rexel for the year ended December 31, 2010.

This commitment to pay an indemnity in case of termination of the employment agreement, subject to performance conditions, was not renewed upon the renewal of the functions of Jean-Charles Pauze as member and president of the Management Board on May 19, 2011 and no indemnity was paid to him in relation thereto upon termination of his functions as member and Chairman of the Management Board of Rexel on February 13, 2012.

Following the termination of his functions as member and Chairman of the Management Board

Upon termination of his functions as member and Chairman of the Management Board on February 13, 2012, Jean-Charles Pauze's employment contract was reinstated and amended.

In his new functions, Jean-Charles Pauze is responsible for carrying out certain assignments in the area of external growth and for consolidating customer and supplier relationships. His assignment expires on December 12, 2012.

Under his amended employment contract, Jean-Charles Pauze no longer benefits from a termination indemnity, other than the retirement indemnity.

In addition, Jean-Charles Pauze's amended employment contract contains a non-competition clause. This non-competition undertaking is effective for a period of 24 months as from the effective date of departure from the Company. The half-yearly indemnity for honoring the non-competition undertaking is equal to 50% of the last annual gross fixed compensation.

2.2.3 Allocation of free shares

Free shares allocated in 2009

In accordance with the authorizations conferred by the extraordinary shareholders' meeting of May 20, 2008 and by the Supervisory Board of May 11, 2009, the Management Board allotted, 1,372,166 free shares of the Company. In the context of this allotment, Michel Favre, as employee, received the following shares:

BENEFICIARY	NUMBER OF SHARES ALLOCATED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2009
CORPORATE OFFICERS	
Michel Favre [1]	58,500

(1) Michel Favre was appointed as a corporate officer after the allocation of free shares and received the free shares allocated in his former capacity as employee.

During the financial year ended December 31, 2011, Michel Favre acquired the following shares:

BENEFICIARY	NUMBER OF SHARES ACQUIRED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2011
CORPORATE OFFICERS	
Michel Favre [1]	48,983

(1) Michel Favre was appointed as a corporate officer after the allocation of free shares and received the free shares allocated in his former capacity as employee.

The acquisition of the free shares was in particular subject to the following conditions:

– the free acquisition of 50% of the shares depends on the change in EBITDA margin between 2008 and 2010 ;

– the free acquisition of 25% of the shares depends on the 2009 EBITDA level; and

– the free acquisition of 25% of the shares depends on the ratio of 2009 net debt/2009 EBITDA.

Free shares allocated in 2010

Pursuant to the authorizations granted by the ordinary and extraordinary shareholders' meeting held on May 20, 2009 and by the Supervisory Board of May 11, 2010, the Management Board, on May 11, 2010, granted 1,519,862 free shares of the Company. Pursuant to these allotments, the members of the Management Board received 200,454 free shares, distributed as follows:

BENEFICIARY	NUMBER OF SHARES ALLOCATED DURING FINANCIAL YEAR ENDED DECEMBER 31, 2010
CORPORATE OFFICERS	
Jean-Charles Pauze	78,708
Michel Favre	35,581
Pascal Martin	46,225
Jean-Dominique Perret	39,910

The acquisition of the free shares is subject, in particular, to the following conditions:

– condition of attendance of two years;

– performance conditions:

  - the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2009 and 2011,
  - the acquisition of 25% of the free shares depends on the 2010 EBITDA level,
  - the acquisition of 25% of the free shares depends on the ratio of 2010 net debt/2010 EBITDA.

During the financial year ended December 31, 2011, no free share allocated to the corporate officers and to the ten first employees of Rexel became available.

Free shares allocated in 2011

Allotment of free shares plans set up on May 12, 2011

In accordance with the authorizations conferred by the extraordinary shareholders' meeting of May 20, 2010 and by the Supervisory Board of May 11, 2011, the Management Board allotted, on May 12, 2011, allotted 2,082,748 free shares of the Company.

Allotment of free shares plans set up on October 11, 2011

Pursuant to the authorization granted by the ordinary and extraordinary shareholders' meeting held on May 19, 2011, on October 6, 2011, the Supervisory Board authorized the Management Board to make various allocations, as part of, *inter alia*, the arrival of Rudy Provoost.

Thus, on October 11, 2011, the Management Board allotted 1,684,029 free shares, under three plans, to the benefit of the members of the Executive Committee of Rexel (including the corporate officers, to the exclusion of Jean-Charles Pauze) and to certain employees of the Rexel Group.

In the context of the allocations made on May 12 and October 11, 2011, the members of the Management Board received the following shares:

BENEFICIARY	NAME AND DATE OF THE PLAN	NUMBER OF SHARES ALLOCATED DURING FINANCIAL YEAR ENDED DECEMBER 31, 2011
CORPORATE OFFICERS		
Rudy Provoost	Leadership 2+2 October 11, 2011	236,532
	Exceptional 3+2 October 11, 2011	430,155
	Ordinary 2+2 October 11, 2011	59,018
Jean-Charles Pauze	Leadership 2+2 May 12, 2011	78,708
Michel Favre	Leadership 2+2 May 12, 2011	35,581
	Exceptional 3+2 October 11, 2011	90,419
Pascal Martin	Leadership 2+2 May 12, 2011	39,910
	Exceptional 3+2 October 11, 2011	90,419
Jean-Dominique Perret	Leadership 2+2 May 12, 2011	35,581
	Exceptional 3+2 October 11, 2011	57,485

The acquisition of the free shares is subject, in particular, to the following conditions:

- Leadership Plan, 2 years attendance condition and performance conditions hereafter:
  - the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2010 and 2012,
  - the acquisition of 25% of the free shares depends on the 2011 EBITDA level,
  - the acquisition of 25% of the free shares depends on the ratio of 2011 net debt / 2011 EBITDA.
- Exceptional Plan, 3 years attendance condition and performance condition hereafter:
  The number of free shares acquired pursuant to the Performance Condition shall be determined depending on the evolution of the TSR ("Total Shareholder Return") of Rexel compared to the TSR of a panel of other corporations. Said panel comprises the corporations composing the Stoxx Europe TMI "Electronic & Electrical Equipment" as at September 30, 2011 and the following companies: Electrocomponents, Wolseley, Farnel, Grainger, Anixter and Wesco International.
- Ordinary Plan, 2 years attendance condition and no performance condition.

2.2.4 Additional retirement plan

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.

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 20 or above under the Global Grading system defined for Rexel by Hewitt.

At January 1, 2012, seven managing directors including five corporate officers met these eligibility criteria: Jean-Charles Pauze, Rudy Provoost, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

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 €11.5 millions as of December 31, 2011 reduced by the value of a hedge asset established with an insurance company and by unrecognized actuarial losses. As of December 31, 2011, the value of this hedge asset was estimated at €7.5 million and the unrecognized actuarial losses were estimated at €2.1 million.

On the date of this report, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF RECOMMENDATIONS	AS OF JANUARY 1, 2012
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As of January 1, 2012, the total number of eligible persons was seven, including five corporate officers.

3. | INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.1 Rexel Group's Approach

3.1.1 Definition and purpose of risk management and internal control

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 Company 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 process.

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

– compliance with laws and regulations;

– implementation of the instructions and orientations set by the General Management;

– the proper functioning of internal working processes, in particular those relating to the safeguarding of assets; and

– the reliability of financial information.

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

3.1.2 Rexel Group structure and control of subsidiaries by the parent company

The Group is organized by geographic zones (the **"Zones"**). Each of these Zones is represented on the Rexel Group's Executive Committee by its Managing Director.

Each Zone consolidates one or several countries (the **"Entities"**). Certain countries and activities are managed directly by the Rexel Group's headquarters and are also considered as Entities. The Managements of the Zones monitor the Entities and relay instructions and policies defined by the Departments at the headquarters.

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

3.1.3 Internal organization contributing to internal control and risk management activities

Management bodies

The Management Board informs the Audit Committee and the Supervisory Board of the key characteristics of internal control standards, their implementation within the Rexel Group and the steps taken to improve these standards.

The Executive Committee, which is made up of the members of the Management Board, certain executives of the headquarters and the Zone Managing Directors, meets on average every six weeks. The Executive Committee is responsible for the implementation of the objectives set by the Management Board and ensures their proper application by the Entities. The Committee monitors budget plans and other operational action plans, develops transverse projects and determines directions in the area of human resources policy. The Executive Committee was also instrumental in the "risk mapping" process described in paragraph 3.2.1 of this report.

The role of the Rexel Group's headquarters

The Departments at the headquarters 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 Finance, Control and Legal Department is organized around centers of expertise in the areas of (i) financing, treasury, credit management and insurance, (ii) consolidation, financial control, internal control and tax, (iii) legal affairs, (iv) financial communication and (v) internal audit.

The Human Resources Department is responsible for defining human resources management policy and procedures and ethical standards, and monitors compliance with labor regulations. The Department assists subsidiaries with the allocation of resources and training (supervision of the executives' career development).

The Business Development Department is responsible for the Rexel Group's strategy, external growth transactions, information systems, purchasing, logistics and marketing. The Department monitors, controls and ensures the approval of the main projects in its domain.

The Risk Management Committee of the Rexel Group

The duties of the Risk Management Committee, set up in 2010 and reporting to the Management Board, include, in particular:

– managing the updating of risk mapping, and

– ensuring that risks are followed-up and suggesting control measures to the Management Board.

The Risk Management Committee met on four occasions in 2011. Its work consisted in the recasting of the risk mapping and the analysis of certain risks. For each risk, a risk manager designated by the Management Board presents the potential impacts, the indicators and the actions implemented to limit the said risk. In case of an unacceptable exposure with regards to the above-mentioned criteria, an action plan is proposed to the Management Board. Once the plan has been approved by the Management Board, the Risk Management Committee ensures its follow-up. The Risk Management Committee reported on its work and made recommendations to the Management Board on two occasions during this financial year.

The Rexel Group's Internal Control Department

The Rexel Group's Internal Control Department coordinates the Departments at the headquarters for the preparation and distribution of the Rexel Group's procedures and is in charge, in particular, of the procedures in connection with the financial control field.

It is responsible for the definition of the internal control standards of the Rexel Group and for updating the Rexel Group's guidelines manual, detailed in paragraph 3.2.3 of this report.

Furthermore, the Department coordinates the yearly self-assessment of internal control described in paragraph 3.2.4 of this report, distributes its results and ensures that action plans, when needed, are defined and followed-up.

The Rexel Group's Internal Audit Department

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.

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 2011, the internal audit group included 30 people, 16 of whom are outside of France (located in Australia, Canada, the United States and the United Kingdom). Based on an audit plan approved by the Audit Committee, this organization performed about 60 audits of accounting, financial and operating procedures in 2011. About 450 audits on the network of branches were also carried out or supervised by this team.

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

In the context of the acquisitions carried out by the Rexel Group, the Internal Audit Department carries out or coordinates the financial audit due diligences at the targets.

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.

3.2 Presentation of the risk management process and of the internal control system

3.2.1 Risk identification, assessment and management

Risk identification and assessment

The Audit Committee has an overall view on Rexel Group risks in accordance with the risk mapping set by the Management Board upon the recommendations of the Risk Management Committee (see paragraph 3.1.3 above). It is kept informed by the Director of Internal Audit and by the Directors at the headquarters on various risks that are specific to their sector. The major risks identified are presented regularly to the Audit Committee.

Under the supervision of the Risk Management Committee, the Audit Department of the Rexel Group carries out on a regular basis 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, in accordance with the provisions of paragraph 3.1.3 above. Risk mapping is also carried out every year on at least one Entity in order to deploy the approach locally and to enrich, if needed, risk mapping at the Rexel Group level.

The risk identification and evaluation processes which allows the updating of the risk mapping begins with the updating of the risk universe *(l'univers des risques)* which identifies and prioritizes all the potential risks for the Rexel Group based on their nature and impact.

This risk analysis covers the three following areas:

– Risks regarding the optimization of the process 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.

The Risk Management Committee annually reviews the consistency between the risks mapping and the risk factors presented in chapter 2 of the 2011 *Document de Référence* of the Company.

Risk Management

The updating of the risk mapping within the Rexel Group, carried out in 2011 under the supervision of the Risk Management 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 Management Committee, consists in setting up a working group under the responsibility of a clearly determined sponsor designated by the Management Board, so that action plans resulting in the decrease of the Rexel Group's exposure to such risks be defined. These action plans are presented to the Management Board by the Risk Management Committee for approval. The Risk Management 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 Management Committee. Thus, strategic risks and certain transversal risks are monitored by the Rexel Group's Executive Committee which is assisted by 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 headquarters' Departments of the Rexel Group. They define action plans to be implemented by Entities based on procedures which they have established.

The internal control mechanisms 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.

Furthermore, since 2009, the Rexel Group has been listing the risk management mechanisms, detailed in Chapter 2 "Risk Factors" of the 2011 *Document de Référence* of the Company. Documentation of each risk was carried out by the various Departments of the Rexel Group. Consistency with identified risks during the updating process of risk mapping is verified.

Therefore, the risk management policy implemented within the Rexel Group, relying on the Risk Management Committee, the Management Board, the Audit Committee, the internal control and the internal audit 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.

A description of these risk factors and of the risk management mechanism taken for each of them are set out in Chapter 2 "Risk Factors" of the 2011 *Document de Référence* of the Company.

A presentation of the Rexel Group's policy on insurance (one of the measures involved in risk control) is detailed in paragraph 2.5 "Insurance" of the 2011 *Document de Référence* of the Company.

3.2.2 Control environment

The control environment is considered as the keystone of the internal control system. This is expressed through the importance given to the principle of "responsibility" in the definition of the roles and responsibilities of each person, and in particular, management.

The control environment is favored by the implication of management in promoting ethical conduct. The Rexel Group's Ethics Guide, which has been translated into 22 languages, was distributed to all employees in 2007. This guide was updated in 2009 and distributed to all new employees of Rexel, especially those within the entities acquired since 2008.

On April 4, 2007, the Management Board approved a Market Ethics Charter in accordance with the recommendations of the AMF. 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.

Finally, this principle of "responsibility" also covers a commitment by the Rexel Group for the promotion of social and environmental responsibility. This commitment is illustrated by an Environment Charter, the promotion of actions to protect the environment and raising the awareness of the Rexel Group's customers and suppliers.

3.2.3 Internal control framework: Guidelines Manual

The Rexel Group's branch network are part of a decentralized structure that rests on the responsibility of local managers.

To ensure a high level of expertise regarding the processes, the Rexel Group has compiled a Manual of internal control guidelines which has been distributed to the management of its Entities. For each of the main processes, the Manual presents 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.

For instance, the Manual 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 Manual is completed by additional procedures set up by the Departments at the headquarters 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 3.3 of this report.

3.2.4 Internal control steering

Internal control self-assessment

The Rexel Group is engaged in a process to permanently improve its internal control. To carry out this task, it makes available to the management of the Entities a self-assessment form measuring compliance with the procedure manual. This also ensures the monitoring of action plans implemented to ensure this compliance. This self-assessment is shared with the Executive Committee, operations management of the Entities of the Rexel Group and the Departments at the headquarters. 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 2011 and covered all processes of the Rexel Group guidelines (see paragraph 3.2.3 of this report). A new self-assessment is currently being carried out.

Action plans associated with these self assessments are defined and implemented under the responsibility of local management. 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 allowed more general areas of progress to be identified, that are the subject of internal control improvement action plans at the level of the management teams at the headquarters. These plans include the definition of good practices and assistance to local management teams.

In addition, certain Entities are less mature in their internal control methods, in particular, certain 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 the performance of internal audits during which certain key controls, which are the subject of the self-assessment, are tested by the Entities. External auditors may also review internal control processes within the Rexel Group and inform the Rexel Group's management and supervisory bodies of the findings of such reviews.

Headquarters Departments

The role of the headquarters Departments 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 and support subsidiaries in the setting-up of action plans aiming at decreasing identified risks on subjects of their competence.

3.2.5 Information and communication

The internal control process requires the mobilization of 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 targets. This communication allows the Rexel Group senior management to share with local 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.

Communication activities are two-fold. 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 year. The Executive Committee meetings and the meetings regularly organized with the main actors of the Finance community 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 is conducted on an ongoing and monitored basis during the course of the year, based on updates to the action plans and visits carried out by headquarter teams. Communication processes were also set up with the subsidiaries, including through the review of the answers to the self-assessment questionnaires.

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

3.3.1 Planning, steering and reporting activities

The planning, steering and reporting processes are organized by Entities, which are generally countries but also include holdings and entities carrying out certain commercial activities not related to the distribution of electrical equipment in a given country. 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 Zones operating Management. 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 review, which brings together certain members of the Rexel Group's Management Board 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.

Four 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.

3.3.2 Shared guidelines and procedures for the approval of financial statements

Rexel Group financial statements are prepared in accordance with the IFRS 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 3.2 of this report, internal controls relating to accounting and financial information are part of the general internal control system.

4. | OTHER INFORMATION

4.1 Participation of shareholders at shareholders' meetings

The conditions of the participation of shareholders at shareholders' meetings of the Company, particularly the mode of operation and the powers of the shareholders' meeting as well as shareholders' rights, are governed by articles 27 to 35 of the Company's by-laws, which are available on the website of the Company (www.rexel.com), and the main provisions of which are described in the Company's 2011 *Document de Référence* (paragraph 8.3).

4.2 Other elements that may have an impact in case of a public offering

Elements that may have an impact in case of a public offering as described in article L.225-100-3 of the French Commercial Code can be found in the Company's 2011 *Document de Référence* (paragraph 8.4).

Signed in Paris
on February 8, 2012
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.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex
France

ERNST & YOUNG Audit
1, place des Saisons
TSA 14444
92037 Paris-La Défense Cedex
France
S.A.S. à capital variable

Rexel S.A.

Registered office: 189-193 boulevard Malesherbes – 75017 Paris

Share capital: €1,344,098,795

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 S.A.

Year ended December 31, 2011

To the Shareholders,

In our capacity as statutory auditors of Rexel S.A., and in accordance with article L.225-235 of the French Commercial Code *("Code de commerce")*, we hereby report on the report prepared by the Chairman of your company in accordance with article L.225-68 of the French Commercial Code for the year ended December 31, 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by article L.225-68 of the French Commercial Code *("Code de Commerce")* particularly in terms of the corporate governance measures.

It is our responsibility:

– to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and

– to attest that this report contains the other disclosures required by article L.225-68 of the French Commercial Code *("Code de commerce")*, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

– obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
– obtaining an understanding of the work involved in the preparation of this information and existing documentation;
– determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with article L.225-68 of the French Commercial Code *("Code de Commerce")*.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by article L.225-68 of the French Commercial Code *("Code de commerce")*.

Paris La Défense, on March 6, 2012

The statutory auditors

French original signed by

KPMG Audit	Ernst & Young Audit
A department of KPMG S.A.	
Hervé Chopin	Pierre Bourgeois
Partner	*Partner*

9.4 RESOLUTIONS SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012

9.4.1 | Report of the Management Board

Report of the Management Board to the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2012

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 with share capital of €1,344,098,795, having its registered office at 189-193, boulevard Malesherbes – 75017 Paris (the **"Company"**) has been convened by the Management Board on May 16, 2012 at 10h30 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, 2011 are described in the 2011 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)

In the first and second resolutions, we submit for your approval the annual and consolidated financial statements of the Company for the financial year ended December 31, 2011 as approved by the Management Board.

The annual financial statements show a profit of €50,512,277.65.

The consolidated financial statements show a profit of €319.0 million.

There were no costs and expenses referred to in article 39-4 of the French General Tax Code for the financial year ended December 31, 2011. Furthermore, 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, 2011:

Origin of the income to be allocated

– profits from the financial year	€50,512,277.65
– prior carry forward	€360,721,279.66
Total	**€411,233,557.31**

Allocation of profit

– 5% to the statutory reserve	€2,525,613.88
– dividend	€173,048,840.09
– the balance, to the carry forward account	€235,659,102.53
Total	**€411,233,557.31**

The "carry forward" account would therefore amount to €235,659,102.53.

Each of the shares making up the share capital and conferring rights to dividends, would be paid a dividend of €0,65.

Dividend detachment from the share on the NYSE Euronext regulated market in Paris would take place on May 24, 2012. The dividend payment would take place on June 25, 2012.

The dividends and income per share in respect of the last three financial years have been as follows:

	2010	2009	2008
Dividend per share (in euros)	€0.40 (1)	Not applicable	Not applicable
Number of shares eligible	262,972,033	Not applicable	Not applicable
Total dividend (in euros)	€105,188,813 (1)	Not applicable	Not applicable

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, 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 May 24, 2012 (inclusive) and June 12, 2012 (inclusive) to the relevant financial intermediaries. Further to June 12, 2012, 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 June 25, 2012.

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, 2012.

We suggest that you approve these resolutions.

2.3. Related-party agreements (fifth to seventh resolutions)

The fifth to seventh resolutions regard 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, 2011.

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:

– 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;

– The retirement undertakings taken by Rexel to the benefit of Mr. Rudy Provoost, 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. These undertakings have been authorized by the Supervisory Board during its October 6, 2011 meeting;

– A Purchase Agreement entered into on May 24, 2011, between Rexel, on the one hand, and BNP Paribas, HSBC and Société Générale (the **"Banks"**), on the other hand. Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated May 27, 2011. This agreement was concluded in the context of the carrying out by Rexel of a bond issuance for an amount of €500 million represented by unsecured senior notes bearing interest at a rate of 7%, redeemable on December 17, 2018 (the **"Bond Issuance"**). The agreement provides for the terms under which Rexel undertook to issue the bonds, and the Banks undertook to place the issued bonds, and in the event of a lack of subscribers, to underwrite the non placed bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting;

– A Trust Deed, entered into on May 27, 2011 between Rexel, Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V., Rexel Holding Switzerland SA (formerly Finelec Développement SA) and BNP Paribas Trust Corporation UK Limited. This agreement was concluded in the context of the abovementioned Bond Issuance carried out by Rexel. It provides for the terms under which BNP Paribas Trust Corporation UK Limited undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting;

– An Agency Agreement, entered into on May 27, 2011 between Rexel, Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was concluded in the context of the abovementioned Bond Issuance carried out by Rexel. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Principal Paying

Agent in the scope of the issuance of the bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting;

– An amendment to the Senior Credit Agreement in force as of December 17, 2009 and entered into on April 21, 2011 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, on the other hand, Crédit Agricole Corporate and Investment Bank and Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc, on the third part. This amendment aims to permit the use of the product of the Bond Issuance abovementioned as voluntary anticipated reimbursement of the sums due under the Senior Credit Agreement, without proceeding to the concomitant cancellation of the Lenders' Commitments under the Senior Credit Agreement up to the sums reimbursed thereof. This amendment has been authorized by the Supervisory Board during its April 8, 2011 meeting.

The last four agreements have been entered into within the context of the issuance of high yield bonds by Rexel. To the extent that they relate to the same transaction, their approval is submitted in a single resolution.

We suggest that you approve these agreements and the relevant resolutions.

2.4. Approval of the performance criteria relative to the deferred compensation of Michel Favre (eighth resolution)

The eighth resolution regards the fixing of the compensation of Michel Favre as member of the Management Board.

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.

On May 19, 2011, the Supervisory Board of Rexel approved the granting to Jean-Charles Pauze of the following deferred compensation.

Michel Favre's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009. In the event that his corporate duties within the Company should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect under compensation conditions equivalent to those from which he benefited as a corporate officer.

The employment agreement of Michel Favre 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 Michel Favre 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 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 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)*, 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. 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 are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company'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

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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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company'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 Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre'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 his gross fixed annual compensation.

Accordingly, we submit for your approval the above performance criteria relative to the deferred compensation of Michel Favre.

2.5. Approval of the performance criteria relative to the deferred compensation of Pascal Martin (ninth resolution)

The ninth resolution regards the fixing of the compensation of Pascal Martin as member of the Management Board.

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.

On May 19, 2011, the Supervisory Board of Rexel approved the granting to Pascal Martin of the following deferred compensation.

Pascal Martin's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within the Company should end, Pascal Martin's employment agreement with Rexel Développement S.A.S. would re-enter into effect under compensation conditions equivalent to those from which he benefited 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 Michel Favre 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 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 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 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. 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 are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company'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 Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin'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 his gross fixed annual compensation.

Accordingly, we submit for your approval the above performance criteria relative to the deferred compensation of Pascal Martin.

2.6. Approval of the performance criteria relative to the deferred compensation of Jean-Dominique Perret (tenth resolution)

The tenth resolution regards the fixing of the compensation of Jean-Dominique Perret as member of the Management Board.

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.

On May 19, 2011, the Supervisory Board of Rexel approved the granting to Jean-Dominique Perret of the following deferred compensation.

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Group Delegate for International Affairs.

His employment agreement with Rexel Développement S.A.S. provides, in the event of the termination of the employment contract at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an 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 bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This gross contractual indemnity includes 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 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.

In the event of termination of contractual relations, the notice period is of 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.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement 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 the Company'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 contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent 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 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 the Company'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 fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's 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.

Accordingly, we submit for your approval the above performance criteria relative to the deferred compensation of Jean-Dominique Perret.

2.7. Approval of the performance criteria relative to the deferred compensation of Rudy Provoost (eleventh resolution)

The eleventh resolution regards the fixing of the compensation of Rudy Provoost as member of the Management Board.

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.

On October 6, 2011, the Supervisory Board of Rexel approved the granting to Rudy Provoost of the following deferred compensation.

Rudy Provoost has not concluded any employment contract with any of the companies of the Rexel Group.

If his term of office within the Company should end, in accordance with the decision of the Supervisory Board of October 6, 2011, Rudy Provoost shall benefit from a gross several indemnity (indemnité de rupture brute) corresponding to 24 months of his monthly reference compensation. The monthly reference compensation is defined as the gross annual fixed compensation applicable plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months.

This gross several indemnity includes, if applicable, the compensatory non-compete indemnity. The several indemnity is not applicable in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such severance packages, with the exception of the compensatory non-compete indemnity, are subject to the following performance criteria:

– the payment of 50% of the severance package shall depend 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 the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the corporate office (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 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 consolidated audited financial statements for the last financial period preceding the date of termination of the corporate office (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 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 consolidated audited financial statements for the last financial period preceding the date of termination of the corporate office (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 shall only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, whatever the cause of departure form 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 employment term of office. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Accordingly, we submit for your approval the above performance criteria relative to the deferred compensation of Rudy Provoost.

2.8. Renewal of the term of office of Roberto Quarta as member of the Supervisory Board (twelfth resolution)

The term of office as member of the Supervisory Board of Roberto Quarta will expire after the Shareholders Meeting.

Therefore, the twelfth resolution submits to the approval of the shareholders the renewal of the term of office of Roberto Quarta 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, 2015, to be held in 2016.

Roberto Quarta was born on May 10, 1949, is an American national and resides at 7 The River Houses, Chelsea Embankment, London SW3 4LG, United Kingdom.

Roberto Quarta, has been Chairman of the Supervisory Board of Rexel since February 13, 2007. 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 of Spie SA and a Non-Executive Director of Foster Wheeler AG. 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 referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, Roberto Quarta held no share of Rexel.

Roberto Quarta has indicated that he accepts 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.

2.9. Renewal of the term of office of Eurazeo as member of the Supervisory Board (thirteenth resolution)

The term of office as member of the Supervisory Board of Eurazeo will expire after the Shareholders Meeting.

Therefore, the thirteenth resolution submits to the approval of the shareholders the renewal of the term of office of Eurazeo 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, 2015, to be held in 2016.

Eurazeo is a French *société anonyme*, which registered office is located 32, rue de Monceau 75008 Paris, France and registered to the trade and companies register under the number 692 030 992 RCS Paris. Eurazeo is a capital investment company.

Eurazeo is represented by Marc Frappier, a French national born on May 28, 1973 in Toulon (France). Marc Frappier is a member of the Supervisory Board of Rexel, as permanent representative of Eurazeo, since July 30, 2008. Marc Frappier is a Manager within the investment team of Eurazeo. He was involved in the completion or the monitoring of the investments in Accor/Edenred, Apcoa, Rexel and Foncia. He began his carrier in 1996 as financial auditor within Deloitte & Touche. Between 1999 and 2006, he worked for The Boston Consulting Group (BCG) in Paris and Singapore, where he was in charge of various strategic and operational efficiency assignments within the industrial goods and services and energy sectors. He is an *Ingénieur Civil des Mines* and holds the DECF *(Diplôme d'Études Comptables et Financières)*.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, Eurazeo directly held no share of Rexel and held through its subsidiary Ray France Investment SAS a shareholding of approximately 32.04% in Ray Investment, which held 190,268,736 shares of Rexel.

Eurazeo has indicated that it accepts these duties by anticipation and that it 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 Fritz Fröhlich as member of the Supervisory Board (fourteenth resolution)

The term of office as member of the Supervisory Board of Fritz Fröhlich will expire after the Shareholders Meeting.

Therefore, the fourteenth resolution submits to the approval of the shareholders the renewal of the term of office of Fritz Fröhlich 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, 2015, to be held in 2016.

Fritz Fröhlich was born on March 19, 1942, is an German national and resides at Saschsenstr 25 42287 Wuppertal, Germany.

Fritz Fröhlich, has been member of the Supervisory Board of Rexel since April 4, 2007. 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. and Altana AG. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

Fritz Fröhlich meets the criteria edicted by the AFEP-MEDEF corporate governance code to be qualified as independent member.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, Fritz Fröhlich held no share of Rexel.

Fritz Fröhlich has indicated that he accepts 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. Renewal of the term of office of François David as member of the Supervisory Board (fifteenth resolution)

The term of office as member of the Supervisory Board of François David will expire after the Shareholders Meeting.

Therefore, the fifteenth resolution submits to the approval of the shareholders the renewal of the term of office of François David 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, 2015, to be held in 2016.

François David was born on December 5, 1941, is a French national and resides at 6, rue Auguste Bartholdi, 75015 Paris, France.

François David, has been a member of the Supervisory Board of Rexel since April 4, 2007. François David was a civil administrator at the Department 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 has been the chairman of Coface since July 1994 and since: Chairman of the Supervisory Board of Coface Deutschland (1996), Chairman of the Board of Directors of Coface Assicurazioni (1997), 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), Chairman of the Board of directors of Coface Services (since 2006). François David sits on the Board of Directors of Vinci and 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).

François David meets the criteria edicted by the AFEP-MEDEF corporate governance code to be qualified as independent member.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, François David held no share of Rexel.

François David has indicated that he accepts 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.

2.12. Renewal of the term of office of Manfred Kindle as member of the Supervisory Board (sixteenth resolution)

The term of office as member of the Supervisory Board of Manfred Kindle will expire after the Shareholders Meeting.

Therefore, the sixteenth resolution submits to the approval of the shareholders the renewal of the term of office of Manfred Kindle 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, 2015, to be held in 2016.

Manfred Kindle was born on March 25, 1959, is a Swiss national and resides at 3, Neville Street, London SW7 3AR, United Kingdom.

Manfred Kindle, has been a member of the Supervisory Board of Rexel since December 2, 2009. Manfred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a master's degree in engineering. He worked for Hilti AG in Liechtenstein from 1984 until 1986, and then enrolled at Northwestern University, Evanston, Illinois, where he earned an MBA. From 1988 until 1992 he was a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held several senior management positions. In 1999 he was appointed CEO of Sulzer Inc. and in 2001 CEO of Sulzer AG, where he also served as a board member. After joining ABB in 2004, Manfred Kindle was appointed CEO of ABB Group, a position he held until February 2008. He is then appointed partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. As a partner of that firm Manfred Kindle serves as Chairman of Exova Ltd., Chairman of BCA Group and as a member of the Supervisory Board of Rexel SA. He also sits on the board of Zurich Financial Services, Vermögens Zentrum Holding AG and Stadler Rail AG.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, Manfred Kindle held no share of Rexel.

Manfred Kindle has indicated that he accepts 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.

2.13. Appointment of Thomas Farrell as member of the Supervisory Board (seventeenth resolution)

Joe Adorjan, independent member of the Supervisory Board of Rexel has resigned from his functions since February 8, 2011.

In order to replace him, the seventeenth resolution submits to the approval of the shareholders the appointment of Thomas Farrell as member of the Supervisory Board.

This appointment would be carried out 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, 2015, to be held in 2016.

Thomas Farrell was born on June 1, 1956, is an American national, and resides at 3, Rue Paul Ollendorff, 92210 Saint Cloud, France.

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).

Thomas Farrell was appointed observer (censeur) of the Supervisory Board of Rexel on November 8, 2011.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, 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.

2.14. Approval of the co-option of Angel L. Morales as member of the Supervisory Board (eighteenth resolution)

Matthew Turner has resigned from his functions as member of the Supervisory Board. Consequently, on June 16, 2011, the Supervisory Board decided to co-opt Angel L. Morales in order to replace Matthew Turner for the rest of the term of his term of office, *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.

The eighteenth resolution submits to the approval of the shareholders the approval of the co-option of Angel L. Morales as a member of the Supervisory Board.

Angel L. Morales was born on March 15, 1974, is an American national and resides at 2150 Broadway, Apt. 9B New York, NY 10023, United States of America.

Angel L. Morales is a Managing Partner of North Cove Partners, LLC, an investment advisor to Bank of America Merrill Lynch. Prior to June 2011, Angel L. Morales was a Managing Director and member of the Investment Committee of the BAML Capital Partners ("BAMLCP") group at Bank of America Merrill Lynch. Angel L. Morales was a founding member of Merrill Lynch Global Private Equity, the private equity arm of Merrill Lynch & Co., Inc. ("Merrill Lynch") prior to Merrill Lynch's merger with Bank of America. Angel L. Morales joined Merrill Lynch in 1996. Angel L. Morales is a director and Chair of the Audit Committee of Aeolus Re Ltd, a Bermuda-based reinsurance company. Angel L. Morales is also currently a director of Hertz Global Holdings, Inc., a global car and equipment rental company. Angel L. Morales was a director of Sentillion, Inc. prior to its sale to Microsoft Corp. in 2010. Angel L. Morales received his BA in Economics from Harvard University in 1996 and his MBA from Harvard Business School in 2000.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, Angel L. Morales held no share of Rexel.

We suggest that you approve this resolution.

2.15. Approval of the co-option of Akshay Singh as member of the Supervisory Board (nineteenth resolution)

Amaury Hendrickx has resigned from his functions as member of the Supervisory Board. Consequently, on June 16, 2011, the Supervisory Board decided to co-opt Akshay Singh in order to replace Amaury Hendrickx for the rest of the term of his term of office, *i.e.* until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2013 to be held in 2014.

The nineteenth resolution submits to the approval of the shareholders the approval of the co-option of Akshay Singh as a member of the Supervisory Board.

Akshay Singh was born on April 24, 1978, is an American national and resides at 89 Murray Street, 8K New York 10007, United States of America.

Akshay Singh is a Principal of North Cove Partners, LLC, an investment advisor to Bank of America Merrill Lynch. Prior to June 2011, Akshay Singh was a Vice President of the BAML Capital Partners ("BAMLCP") group at Bank of America Merrill Lynch. Akshay Singh joined Merrill Lynch Global Private Equity (the predecessor to BAMLCP) in 2008. Prior to that, Akshay Singh worked in the investment banking division of Merrill Lynch. Before joining Merrill Lynch, Akshay Singh worked as a consultant with Deloitte Consulting. Akshay Singh is currently a member of the Supervisory Board of Euromedic International Group, a pan-European provider of medical services. Akshay Singh holds a technology degree from the Indian Institute of Technology Delhi and an MBA with high honors from The University of Chicago Booth School of Business.

The detail of his functions and mandates is referred to at chapter 7 of Rexel's 2011 document de reference.

As at December 31, 2011, Akshay Singh held no share of Rexel.

We suggest that you approve this resolution.

2.16. Appointment of PricewaterhouseCoopers Audit as statutory auditor of the Company (twentieth resolution)

The mandate of KPMG Audit as statutory auditor will expire upon the approval by the shareholders of the financial statements for the financial year ended December 31, 2011.

The Management Board does not wish to propose the renewal of the mandate as statutory auditor of KPMG Audit.

Accordingly, the twentieth resolution submits to the approval of the shareholders the appointment of PricewaterhousCoopers Audit, 63 rue de Villiers, 92208 Neuilly-sur-Seine cedex, France, as statutory auditor for a term of six financial years ending upon the approval by the shareholders' meeting of the financial statements for the financial year ending December 31, 2016 to be held in 2017.

We suggest that you approve this resolution.

2.17. Appointment of Anik Chaumartin as alternate statutory auditor of the Company (twenty-first resolution)

The mandate of S.C.P. de Commissaires aux comptes Jean-Claude André et Autres, as alternate statutory auditor will expire upon the approval by the shareholders of the financial statements for the financial year ended December 31, 2011.

The Management Board does not wish to propose the renewal of the mandate as alternate statutory auditor of S.C.P. de Commissaires aux comptes Jean-Claude André et Autres.

Accordingly, the twenty-first resolution submits to the approval of the shareholders the appointment of Anik Chaumartin, 63 rue de Villiers, 92208 Neuilly-sur-Seine cedex, France, as statutory auditor for a term of six financial years ending upon the approval by the shareholders' meeting of the financial statements for the financial year ending December 31, 2016 to be held in 2017.

We suggest that you approve this resolution.

2.18. Authorization to repurchase stock (twenty-second resolution)

The ordinary and extraordinary shareholders' meeting of May 19, 2011 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. This authorization expires in 2011.

Accordingly, the twenty-second 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 that would be, if applicable, granted to the Management Board provides limitations regarding the maximum repurchase price (€22), 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).

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.

2.19. Remuneration of the members of the Supervisory Board (twenty-third resolution)

The ordinary general meeting may allocate attendance fees to members of the Supervisory Board, the amount of which 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 €300,000 allocated for attendance fees by the Company Shareholders' General Meeting of May 20, 2008, upon the recommendation of the remuneration committee, the Supervisory Board decided that the observer (censeur) and independent members of the Supervisory Board would receive remuneration. This remuneration consists of a fixed amount and a variable amount, calculated as a function of the observer's and the independent members of the Supervisory Board's presence at Supervisory Board meetings which they have attended.

In order to take into consideration the change in the Supervisory Board and the work carried out by the independent members of the Supervisory Board, the Company envisaged to increase the amount of the attendance fees.

The twenty-third resolution submits for the approval of the shareholders the allocation of attendance fees to the members of the Supervisory Board in the maximum amount of €500,000 for the 2012 financial year and for each subsequent financial year until a new decision of the general meeting.

We suggest that you approve this resolution.

2.20. Powers for legal formalities (twenty-fourth resolution)

The twenty-fourth resolution concerns the powers to be granted in order to carry out formalities subsequent to the Shareholders' Meeting, particularly publication and filing formalities.

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 canceling shares (twenty-fifth 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.

We suggest that you approve this resolution.

3.2. Financial delegations and authorizations (twenty-sixth to thirty-seventh 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 20, 2010 and May 19, 2011 granted the Management Board with the delegations of authority and authorizations as described in the table provided at Schedule 1 attached 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.

Certain authorizations expire during the financial year 2011. Thus, the Company may not have the delegations and authorities necessary 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 , the allocation of free shares or the granting of share subscription or purchase options. 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.

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-sixth resolution)

The twenty-sixth 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 issuance of debt securities would be limited to a maximum nominal amount of €800 million. These limits would be common with certain other delegations and/or authorizations described below.

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.

3.2.2 Issuance of securities with cancellation of the shareholders' preferential subscription right by way of a public offering (twenty-seventh resolution)

The twenty-seventh 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 €400 million (*i.e.* 80 million shares with a nominal value of €5). The issuance of debt securities would be limited to a maximum nominal amount of €500 million. These limits would be deducted respectively from the limits set forth in the twenty-sixth 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 NYSE 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.

3.2.3 Issuance of securities with cancellation of the shareholders' preferential subscription right by way of private placement (twenty-eighth resolution)

The twenty-eighth 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 €400 million (*i.e.* 80 million shares with a nominal value of €5). The issuance of debt securities would be limited to a maximum nominal amount of €500 million. These limits would be deducted respectively from the limits set forth in the twenty-sixth resolution described above.

In addition, the issuance of equity or debt securities carried out under the twenty-eighth resolution 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 NYSE 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.

3.2.4 Increase of the amount of initial issuances (twenty-ninth resolution)

The twenty-ninth 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-sixth, twenty-seventh and/or twenty-eighth 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 being subtracted from the limit applicable to the initial issuance and the limit set by the twenty-sixth 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-sixth, twenty-seventh and/or twenty-eighth 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.

3.2.5 Determination of the price of issuances with cancellation of the shareholders' preferential subscription right (thirtieth resolution)

The thirtieth 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-seventh and twenty-eighth 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 NYSE Euronext in Paris on the day preceding the date of issuance, less, as the case may be, a discount of up to 10%. 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 (i) the limit set forth in the twenty-seventh and twenty-eighth resolution depending on the case and (ii) the overall limit set forth in the twenty-sixth resolution.

3.2.6 Allocation of free shares (thirty-first resolution)

In previous years, the Company attempted to associate its employees with Group performance, especially by way of share capital increases reserved to employees, allocation of share subscription or purchase options or of allocation of free shares. In order to permit the Company to follow this annual participation and incentive policy for the benefit of its employees and corporate officers, the Management Board requests from the shareholders the authorization to grant free shares of the Company.

Accordingly, in accordance with the provisions of articles L.225-129 *et seq.* and L.229-197-1 *et seq.* of the French Commercial Code, the thirty-first resolution relates to the authorization to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to allocate free existing and/or newly-issued shares of the Company, in one or several occurrences, to the salaried personnel members and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in article L.225-197-2 of the French Commercial Code.

The number of free shares that may be allocated could not exceed 2.5% of the Company's share capital, calculated at the moment when the Management Board makes its decision, with it being specified that (i) this limit shall be subtracted from the limit set forth in the twenty-sixth resolution and (ii) this limit of 2.5% shall be common to the thirty-first and thirty-second resolution.

The Management Board would determine the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall notably have the powers to subordinate the shares allocation to certain individual or collective performance criteria.

The allocation of shares would become vested after a minimum acquisition period of 2 years and the beneficiaries will be required to retain such shares for an additional minimum period of 2 years as from the final allocation of the shares. In addition, and notwithstanding the above, when the allocation of said shares to their beneficiaries will be vested after a minimum vesting period of 4 years, the beneficiaries shall not be bound by any retention period.

Furthermore, the final allocation of the shares may take place prior to the end of the acquisition period in case of disability of the beneficiaries ranked in the 2nd and 3rd categories referred to in article L.341-4 of the French social security Code. The shares would then be immediately transferable.

This authorization would be granted for a term of 26 months and would supersede the prior authorization granted to the Management Board by the shareholders' meeting of May 19, 2011 in its eighteenth resolution, in respect of the unused portion thereof.

We suggest that you approve this resolution.

3.2.7 Options to subscribe or to purchase shares (thirty-second resolution)

Within the pursuit of its profit-sharing and incentive annual policy in favour of its employees and corporate officers, the Company wishes to also allocate share subscription and purchase options.

Accordingly, in accordance with the provisions of articles L.225-129 *et seq.* and L.229-177 *et seq.* of the French Commercial Code, the thirty-second resolution aims at authorizing the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to grant, in one or several occurrences, options giving right (i) to subscribe new shares of the Company to be issued by way of a share capital increase, or (ii) to purchase existing shares of the Company, to the benefit of the corporate officers referred to at article L.225-185 of the French Commercial Code and of members of the salaried personnel within the meaning of article L.225-177 of the French Commercial Code, of the Company and of companies and entities (based in France or abroad) that are linked to the Company, within the meaning of article L.225-180 of the French Commercial Code.

The Management Board would determine the terms of the allocation and the exercise criteria for the allocation of the shares, and shall notably have the powers to subordinate the shares allocation to certain individual or collective performance criteria.

The number of shares to be subscribed or purchased as a result of the options granted pursuant to the present authorization shall not exceed 2.5% of the share capital appraised on the day of the decision of the Management Board to allot the options. This limit (i) shall be deducted from the overall limit set by the twenty-sixth resolution and (ii) shall be common to the thirty-first and thirty-second resolutions.

The subscription or purchase price shall be determined by the Management Board, in accordance with the legal and regulatory provisions and (i) with respect to the share subscription options, shall not be less than 80% of the average of the opening prices listed on the 20 market days preceding the day when the option is granted and (ii) with respect to the share purchase options, shall not be less than 80% of the average purchase price of the shares held by the Company under article L.228-208 and L.225-209 of the French Commercial Code.

The duration of the options will be at the maximum of 10 years as from their allotment.

This authorization would be granted for a term of 26 months and would supersede the prior authorization granted to the Management Board by the shareholders' meeting of May 19, 2011 in its nineteenth resolution, in respect of the unused portion thereof.

We suggest that you approve this resolution.

3.2.8 Share capital increases reserved to employees (thirty-third resolution)

The thirty-third 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(s) *(plan d'épargne d'entreprise)* or group savings plan 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 and this limit would be deducted from the limit set forth in the twenty-sixth resolution. In addition, the amount of the issuances carried out under the thirty-fourth resolution should be deducted from this maximum amount.

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 plan 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 and would supersede the prior authorization granted to the Management Board by the shareholders' meeting of May 19, 2011 in its twentieth resolution, in respect of the unused portion thereof.

We suggest that you approve this resolution.

3.2.9 Issuance reserved to certain categories of beneficiaries in order to implement employee shareholding transactions (thirty-fourth resolution)

The thirty-fourth 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 thirty-third resolution, and would benefit, as the case maybe, from a more favorable tax and legal regime than the one proposed under the thirty-third resolution.

This authorization would be limited to 1% of the share capital of the Company and this limit would be deducted from the limits set forth in the thirty-third resolution and the twenty-sixth resolution.

The subscription price 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 NYSE 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.

3.2.10 Issuance of securities in consideration for contributions in kind (thirty-fifth resolution)

The thirty-fifth 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. The limit provided in this resolution would be deducted from the limit set forth in the twenty-sixth resolution.

The Management Board would have the power necessary to decide upon the valuation of contributions.

This delegation of authority would be granted for a term of 26 months.

3.2.11 Issuance of securities in the scope of a public exchange offer (thirty-sixth resolution)

The thirty-sixth 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 for contributions of securities carried out in the scope of a public exchange offer.

Share capital increases carried out under this delegation would not exceed €250 million (*i.e.* 50 million shares with a nominal value of €5). The limit set forth in this resolution would be deducted from the limit set forth in the twenty-sixth 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.

3.2.12 Incorporation of premiums, reserves, profits or other items (thirty-seventh resolution)

The thirty-seventh 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). The limit set forth in this resolution would not be deducted from the limit set forth in the twenty-sixth 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.

These delegations and authorizations would supersede prior delegations and authorizations granted to the Management Board to the extent these were not used.

3.3. Powers for legal formalities (thirty-eighth resolution)

The thirty-eighth resolution concerns the powers to be granted in order to carry out formalities subsequent to the Shareholders' Meeting, particularly publication and filing formalities.

We suggest that you approve this resolution.

Signed in Paris
on February 2, 2012
The Management Board

Schedule 1 Delegations and authorizations

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 20, 2010 (resolution 22)	26 months (July 19, 2012)	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 from the total limit of: – share capital increase reserved to the employees for an amount of €1,780,615 (excluding issuance premium), *i.e.*, 356,123 shares (November 17, 2010); – allocation of free shares for an amount of €676,170, *i.e.*, 135,234 shares (August 31, 2010); – allocation of free shares for an amount of €10,413,740, *i.e.*, 2,082,748 shares (May 12, 2011); – allocation of free share for an amount of €8,420,145, *i.e.*, 1,684,029 shares (October 11, 2011).	26	26 months	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €800,000,000 Joint maximum amounts applicable to certain resolution relating to the issuance of Shares and/or Debt securities
Issuance by way of public offering with cancellation of the preferential subscription right	May 20, 2010 (resolution 23)	26 months (July 19, 2012)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000	Not applicable	27	26 months	Shares: € 400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts should be deducted from the maximum amounts provided under the 26th resolution
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 20, 2010 (resolution 24)	26 months (July 19, 2012)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000	Not applicable	28	26 months	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts should be deducted from the maximum amounts provided under the 26th resolution

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
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 20, 2010 (resolution 25)	26 months (July 19, 2012)	15% of initial issuance	Not applicable	29	26 months	15% of initial issuance This maximum amount should be deducted from the maximum amount relating to the initial issuance and from the maximum amount provided under the 26th resolution
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 20, 2010 (resolution 26)	26 months (July 19, 2012)	10% of the share capital on the date of the decision of the Management Board determining the offering price per 10-month period	Not applicable	30	26 months	10% of the share capital on the date of the decision of the Management Board determining the offering price per 10-month period This maximum amount should be deducted from the maximum amount relating to the initial issuance and from the maximum amount provided under the 26th resolution
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 20, 2010 (resolution 29)	26 months (July 19, 2012)	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance	Not applicable	35	26 months	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount should be deducted from the maximum amount provided under the 26th resolution
Issuance in consideration for shares contributed under a public exchange offering	May 20, 2010 (resolution 30)	26 months (July 19, 2012)	€250,000,000 (*i.e.* 50,000,000 shares)	Not applicable	36	26 months	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount should be deducted from the maximum amount provided under the 26th resolution

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 20, 2010 (resolution 31)	26 months (July 19, 2012)	€200,000,000 (*i.e.* 40,000,000 shares)	Not applicable	37	26 months	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is independent from the maximum amount provided under the 26th resolution
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 19, 2011 (resolution 17)	18 months (November 18, 2012)	10% of the share capital on the date of cancellation by 24-month period	Not applicable	25	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 19, 2011 (resolution 20)	26 months (July 18, 2013)	2% of the share capital on the date of the decision of the Management Board	Not applicable	33	26 months	2% of the share capital on the date of the decision of the Management Board This maximum amount This should be deducted from the maximum amount provided under the 26th resolution The amounts of the issuances carried out on the basis of the 34th resolutions should be deducted from this maximum amount
Issuances reserved to certain categories of beneficiaries in order to implement employee shareholding transactions	Not applicable	Not applicable	Not applicable	Not applicable	34	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 maximum amount of the 33rd resolution and from the maximum amount provided under the 26th resolution

	CURRENT AUTHORIZATIONS				AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 16, 2012		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILISATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Free share allocations	May 19, 2011 (resolution 18)	26 months (July 18, 2013)	2.5% of the share capital on the date of the decision of the Management Board	Allocation of free share for an amount of €8,420,145, *i.e.*, 1,684,029 shares (October 11, 2011).	31	26 months	2.5% of the share capital on the date of the decision of the Management Board This maximum amount is common to the 31st and 32nd resolutions and should be deducted from the maximum amount provided under the 26th resolution
Issuance of stock subscription or purchase options	May 19, 2011 (resolution 19)	26 months (July 18, 2013)	2.5% of the share capital on the date of the decision of the Management Board	Not applicable	32	26 months	2.5% of the share capital on the date of the decision of the Management Board This maximum amount is common to the 31st and 32nd resolutions and should be deducted from the maximum amount provided under the 26th resolution

BUY-BACK BY REXEL OF ITS OWN SHARES

Shares repurchases	May 19, 2011 (resolution 15)	18 months (November 18, 2012)	10% of the share capital on the completion date Aggregate maximum amount: €200,000,000 Maximum repurchase price: €22	Utilisation: – under the liquidity contract for market-making purposes; – for the purpose of delivering free shares: 1,975,000 shares.	22	18 months	10% of the share capital on the completion date Aggregate maximum amount: 250,000,000 € Maximum buy-back price: €22

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9.4.2 | Text of the draft resolutions to be submitted to the ordinary and extraordinary shareholders' meeting of May 16, 2012

Text of the draft resolutions to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2012

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, 2011)

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, 2011,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2011, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €50,512,277.65.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2011)

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 company financial statements for the financial year ended December 31, 2011,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2011, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €319.0 millions.

Third resolution

(Allocation of profit for the financial year ended December 31, 2011)

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, 2011, which amounted to €50,512,277.65 as follows :

Origin of the income to be allocated	
– profits from the financial year	€50,512,277.65
– prior carry forward	€360,721,279.66
Total	**€411,233,557.31**
Allocation of profit	
– 5% to the statutory reserve	€2,525,613.88
– dividend	€173,048,840.09
– the balance, to the carry forward account	€235,659,102.53
Total	**€411,233,557.31**

The Shareholders' Meeting sets the dividend in respect of the year ended 31 December 2011 at €0,65 per share giving right to such dividend.

The detachment of the coupon shall occur on May 24, 2012. The payment of the dividend shall occur on June 25, 2012.

The aggregate amount of dividend of €173,048,840.90 was determined on the basis of a number of shares composing the share capital of 268,819,759 as at December 31, 2011 and a number of shares held by the Company of 2,590,773 shares.

The aggregate amount of the dividend and, consequently, the amount of the carry forward shall be adjusted in order to take into account 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:

	2010	2009	2008
Dividend per share (in euros)	€0.40 (1)	Not applicable	Not applicable
Number of shares eligible	262,972,033	Not applicable	Not applicable
Total dividend (in euros)	€105,188,813 (1)	Not applicable	Not applicable

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, 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, 2012;
4. Decided that the shareholders shall be entitled to exercise the option referred to at paragraph 1 of this resolution between May 24, 2012 (included) and June 12, 2012 (included) by request formulated to the concerned financial intermediaries and, in case of non-exercise of the option before June 12, 2012 (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 June 25, 2012;
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.

Fifth resolution

(Authorization of a related-party agreement 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,

Approved the following agreement entered into during the financial year ended December 31, 2011, which has been authorized by the Supervisory Board of the Company:

An amendment to the defined benefit retirement plan effective within Rexel as from July 1, 2009, signed April 29, 2011.

Sixth resolution

(Authorization of a related-party agreement 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,

Approved the following agreement entered into during the financial year ended December 31, 2011, which has been authorized by the Supervisory Board of the Company:

The retirement undertakings taken by Rexel to the benefit of Mr. Rudy Provoost.

Seventh 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,

Approved the following agreements entered into during the financial year ended December 31, 2011 within the context of Rexel's financing, which have been authorized by the Supervisory Board of the Company:

- A Purchase Agreement entered into on May 24, 2011, between Rexel, on the one hand, and BNP Paribas, HSBC and Société Générale, on the other hand, to which Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded through accession letters dated May 27, 2011;
- A Trust Deed, entered into on May 27, 2011 between Rexel, Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V., Rexel Holding Switzerland SA (formerly Finelec Développement SA) and BNP Paribas Trust Corporation UK Limited;
- An Agency Agreement, entered into on May 27, 2011 between Rexel, Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg;
- An amendment to the Senior Credit Agreement in force as of December 17, 2009 and entered into on April 21, 2011 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, on the other hand, Crédit Agricole Corporate and Investment Bank and Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement S.A.S.), Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holding USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc, on the third part.

Eighth resolution

(Authorization of the performance criteria relative to the deferred compensation of Mr. Michel Favre 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 made by the Supervisory Board on May 19, 2011 to Mr. Michel Favre, due or likely to become due from 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. Michel Favre set forth in the report.

Ninth 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 commitments made by the Supervisory Board on May 19, 2011 to Mr. Pascal Martin, due or likely to become due from 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.

Tenth resolution

(Authorization of the performance criteria relative to the deferred compensation of Mr. Jean-Dominique Perret 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 made by the Supervisory Board on May 19, 2011 to Mr. Jean-Dominique Perret, due or likely to become due from 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. Jean-Dominique Perret set forth in the report.

Eleventh 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 commitments made by the Supervisory Board on May 19, 2011 to Mr. Rudy Provoost, due or likely to become due from 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.

Twelfth resolution

(Renewal of the term of office of Mr. Roberto Quarta 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. Roberto Quarta as member of the Supervisory Board effective as of the end of the shareholders' meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Mr. Roberto Quarta, born on May 10, 1949, an American national, residing at 7 The River House, Chelsea Enbankment, London SW3 4LG, United Kingdom 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, 2015, to be held in 2016.

Thirteenth resolution

(Renewal of the term of office of Eurazeo 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 Eurazeo as member of the Supervisory Board effective as of the end of the shareholders' meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Eurazeo, a French *société anonyme* having its registered office 32, rue de Monceau 75008 Paris, France and incorporated with the Paris trade and companies register under number 692 030 992, 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, 2015, to be held in 2016.

Fourteenth resolution

(Renewal of the term of office of Mr. Fritz Fröhlich 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. Fritz Fröhlich as member of the Supervisory Board effective as of the end of the shareholders' meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Mr. Fritz Fröhlich, born on March 19, 1942, a German national, residing at Saschsenstr 25 42287 Wuppertal, Germany, 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, 2015, to be held in 2016.

Fifteenth resolution

(Renewal of the term of office of Mr. François David 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. François David as member of the Supervisory Board effective as of the end of the shareholders' meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Mr. François David, born on 5 December 1941, a French national, residing at 6, rue Auguste Bartholdi, 75015 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, 2015, to be held in 2016.

Sixteenth resolution

(Renewal of the term of office of Mr. Manfred Kindle 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. Manfred Kindle as member of the Supervisory Board effective as of the end of the shareholders' meeting;
2. Resolved to renew the term of office as member of the Supervisory Board of Mr. Manfred Kindle, born on 25 March 1959, a Swiss national, residing at 3 Neville Street, London SW7 3AR, United Kingdom, 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, 2015, to be held in 2016.

Seventeenth resolution

(Appointment of Mr. Thomas Farrell 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. Thomas Farrell, born on June 1, 1956, an American national, residing 3, Rue Paul Ollendorff, 92210 Saint Cloud, France 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, 2015, to be held in 2016.

Eighteenth resolution

(Approval of the co-option of Mr. Angel L. Morales 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. Angel L. Morales as member of the Supervisory Board in replacement of Mr. Matthew Turner, 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, 2014, to be held in 2015. This co-option was approved by the Supervisory Board on June 16, 2011.

Nineteenth resolution

(Approval of the co-option of Mr. Akshay Singh 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. Akshay Singh as member of the Supervisory Board in replacement of Mr. Amaury Hendrickx, 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, 2013, to be held in 2014. This co-option was approved by the Supervisory Board on June 16, 2011.

Twentieth resolution

(Appointment of PricewaterhouseCoopers Audit as statutory auditor of the Company)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

1. Acknowledged the end of the duties of KPMG Audit as statutory auditor of the Company effective as of the end of the shareholders' meeting;
2. Resolved to appoint PricewaterhouseCoopers Audit, 63, rue de Villiers 92208 Neuilly-sur-Seine cedex, as statutory auditor for a period of 6 financial years until the end of the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2017, to be held in 2018.

Twenty-first resolution

(Appointment of Mrs. Anik Chaumartin as alternate statutory auditor of the Company)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

1. Acknowledged the end of the duties of S.C.P. de Commissaires aux comptes Jean-Claude André et Autres as alternate statutory auditor of the Company effective as of the end of the shareholders' meeting;
2. Resolved to appoint Mrs. Anik Chaumartin, 63, rue de Villiers 92208 Neuilly-sur-Seine cedex, as statutory auditor for a period of 6 financial years until the end of the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2017, to be held in 2018.

Twenty-second 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 accordance with articles L.225-177 *et seq.* of the French Commercial Code, any allocation of free shares 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, any allocation of free shares 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;

– canceling all or part of the shares so repurchased, in accordance with, and subject to the approval of, the twenty-fifth 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 €22, 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.

In the event of a public tender offer on the Company's shares paid for fully in cash, the Company will be able to pursue the implementation of its share repurchase program, in compliance with the applicable legal and regulatory provisions.

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 fifteenth resolution of the ordinary shareholders' meeting of the Company of May 19, 2011.

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.

Twenty-third 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 €500,000 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.

Twenty-fourth 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.

II. | RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Twenty-fifth 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 twenty-second 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 seventeenth resolution of the extraordinary shareholders' meeting of the Company of May 19, 2011.

Twenty-sixth 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-seventh through thirty-sixth resolutions, may not exceed the 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 €800 million or the equivalent value in euros as at the date of issuance, it being specified that:

   – this amount is a global cap which applies to all of the debt securities, the issuance of which may be carried out pursuant to the twenty-seventh through thirtieth resolutions submitted to this shareholders' meeting;

   – 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.

Twenty-seventh 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 €400 million, it being specified that:
   - the maximum total 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-sixth 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 €500 million 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 €800 million for the issuance of debt securities determined by the twenty-sixth 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 thirtieth 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 NYSE 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.

Twenty-eighth 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 €400 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 maximum total 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-sixth 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 €500 million 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 €800 million for the issuance of debt securities determined by the twenty-sixth 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 thirtieth 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 NYSE 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

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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.

Twenty-ninth 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-sixth, twenty-seventh and twenty-eighth 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-sixth, twenty-seventh and twenty-eighth 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-sixth resolution;

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.

Thirtieth 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-seventh and twenty-eight resolutions of this shareholders' meeting, to derogate to the conditions relating to the determination of the price set forth in the abovementioned twenty-seventh and twenty-eighth 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 NYSE Euronext in Paris on the day preceding the date of issuance, less, as the case may be, a discount of up to 10%;
   – 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 (i) the limit set by the twenty-seventh and twenty-eighth resolutions as applicable, and (ii) the overall limit set by the twenty-sixth resolution;
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.

Thirty-first 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)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and of the statutory auditors' special report, in accordance with the provisions of articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code:

1. Authorized the Management to carry out, 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, the allocation of free existing and/or newly-issued shares of the Company to employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in articles L.225-197-1, II and L.225-197-2 of the French Commercial Code;
2. Decided that the Management Board will determine the beneficiaries of the allocations and the number of shares granted to each of them, the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall have the powers to allocate the shares subject to certain individual or collective performance criteria, particularly for the free shares granted to eligible corporate officers;
3. Decided that the number of shares that may be freely granted pursuant to this resolution may not exceed 2.5% of the share capital of the Company appraised as at the date of the decision by the Management Board, subject to the regulatory adjustments necessary to maintain the beneficiaries' rights, it being specified that (i) this limit shall be deducted from the overall limit set by the twenty-sixth resolution of this shareholders' meeting and (ii) this limit of 2,5% is common to the thirty-first and thirty-second resolutions ;
4. Decided that the shares allocated to their beneficiaries will become vested after a minimum period of acquisition of 2 years and that the beneficiaries will be required to retain such shares for an additional minimum period of 2 years as from the final allocation of the shares. Notwithstanding the above, the shareholders' meeting authorize the Management Board to decide that, when the allocation of said shares to their beneficiaries will be vested after a minimum vesting period of 4 years, the beneficiaries shall then be bound by no retention period;

5. Decided that the shares may become vested before the term of the period of acquisition in the event that the beneficiaries become invalid and that such invalidity correspond to the second or third category set forth under Article L.341-4 of the Social security Code and that the shares will immediately become freely transferable;
6. Authorized the Management Board to carry out, as the case may be, during the vesting period, adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;
7. In the event of free shares being issued, authorized the Management Board to carry out one or several increase(s) in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of such free shares and acknowledged that this authorization includes the related waiver of the shareholders' preferential subscription rights with respect to such shares and to the portion of the reserves, profits and issuance premiums thus capitalized, to the benefit of the beneficiaries; the Management Board has been granted a delegation of authority in respect of this transaction in accordance with article L.225-129-2 of the French Commercial Code;
8. 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:
   - determining whether the free shares shall be newly-issued shares or existing shares;
   - determining the beneficiaries and the number of free shares granted to each of them;
   - Setting the dates on which free shares shall be allocated, in the conditions and limits of applicable law;
   - deciding upon the other terms and conditions of the allocation of shares, particularly the period of acquisition and the period of retention of the shares thus allocated, in rules for the allocation of free shares;
   - deciding upon the conditions under which the number of free shares to be allocated shall be adjusted, in accordance with applicable provisions of the law and the by-laws;
   - more generally, entering into any agreements, executing any documents, acknowledging the share capital increases resulting from definitive allocations, changing the by-laws accordingly, and carrying out any formality or declaration with any organization;
9. Decided that this authorization is granted for a term of 26 months as of the date of this shareholders' meeting.
10. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Thirty-second resolution

(Authorization to be granted to the Management Board to grant options to subscribe for shares of the Company or to purchase shares of 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 auditors' special report, in accordance with the provisions of articles L.225-177 *et seq.* of the French Commercial 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 subdelegate such powers to any duly empowered person to the full extent permitted by law, on one or more occurrences, options entitling a right (i) to the subscription for new shares of the Company to be issued as part of a capital increase, or (ii) to the purchase of existing shares of the Company, to the chosen corporate officers from amongst the ones indicated in article L.225-185 of the French Commercial Code and the chosen salaried personnel members within the meaning of article L.225-177 of the French Commercial Code, within the Company, companies or groups (whether established in France or abroad) affiliated with it, according to article L.225-180 of the French Commercial Code.
2. Decided that the Management Board will designate the beneficiaries of the options and determine the number of shares allocated to each of them, the conditions of allotment and the exercise conditions, and will be entitled, *inter alia*, to condition the exercise of the options to certain individual or collective performance criteria;
3. Decided that the number of shares to be subscribed or purchased as a result of the options granted pursuant to the present authorization cannot exceed 2.5% of the issued capital appraised on the day of the decision of the Management Board to allot the options, subject to the regulatory adjustments necessary to maintain the beneficiaries' rights, it being specified that (i) this limit shall be deducted from the overall limit set by the twenty-sixth resolution of this shareholders' meeting and (ii) this limit of 2,5% is common to the thirty-first and the thirty-second resolutions ;
4. Decided that the subscription or purchase price will be set by the Management Board and:
   - with respect to the shares subscription options, shall not be less than 80% of the average of the opening

prices listed on the 20 market days preceding the day when the option is granted;

– with respect to the shares purchase options, shall not be less than 80% of the average purchase price of the shares held by the Company under article L.225-208 and L.225-209 of the French Commercial Code.

5. Decided that the duration of the options will be at the maximum of 10 years as from their allotment.

6. Acknowledged that, according to the provisions of article L.225-178 of the French Commercial Code, and in the case of subscription options, this authorization includes, for the beneficiaries of shares subscription options, express waiver by the shareholders of their preferential subscription rights to the shares that will be issued as and when the options are exercised.

7. 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, *inter alia*, to:

   – define the characteristics of the options: option to subscribe for shares or options to purchase shares and designate the beneficiaries of the said shares;

   – determine the identity of the beneficiaries, determine the number of options allocated to each of them and determine the periods for the exercising of the options;

   – determine the other conditions and provisions for the allotment and exercising of options (included potential performance conditions), within a regulation relating to subscription Option plans or purchase option plans for the company's shares;

   – determine all other conditions and provisions for the operation, duly note, in the case of the allotment of subscription options, the capital increases resulting from the exercising of these options, as applicable after the expiry of this authorization;

   – adjust, insofar as necessary, the price and number of the options available for subscription allotted in compliance with the applicable legal and regulatory provisions, in order to take into account the financial operations having to occur before the exercising of the options;

   – set the temporary suspension provisions for the exercising of options for a maximum of 3 months in case of the performance of financial operations involving the exercising of a right attached to the shares; and

   – carry out all operations that might be necessary in order to make final the capital increases that could be carried out pursuant to the present authorization, and notably in order to carry out all actions and formalities, and modify the articles of association.

8. Decided that this authorization is valid, as of this shareholders' meeting, for a period of twenty-six months.

Thirty-third 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' meeting 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 thirty-fourth resolution, may not exceed this 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 set by the twenty-sixth resolution of this shareholders' meeting;
   - 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 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.

Thirty-fourth 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.225-138-1 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 authorization shall be deducted from (i) the limit set by the thirty-third resolution of this shareholders' meeting and (ii) the overall limit set by the twenty-sixth resolution of this shareholders' meeting; 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 NYSE 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.

This delegation to the Management Board is granted for a period of 18 months as from the date of this general shareholders' meeting.

Thirty-fifth 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, 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 determined in the twenty-sixth 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. 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:
   - approving 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,
   - 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.

Thirty-sixth 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 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. Acknowledged that 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 millions it being specified that :

   – this amount shall be deducted by the maximum limit provided by the twenty-sixth 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 given 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 given access immediately and/or in the future to shares of the Company;

   – to record under the liabilities of the balance sheet, under an "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.

Thirty-seventh 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-sixth 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.

Thirty-eighth resolution

(Powers to carry out legal formalities)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, conferred full powers to bearers of an original, of copies or extracts of these minutes in order to carry out any publication, filing and other necessary formalities.

10 CORRELATION TABLES

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.

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