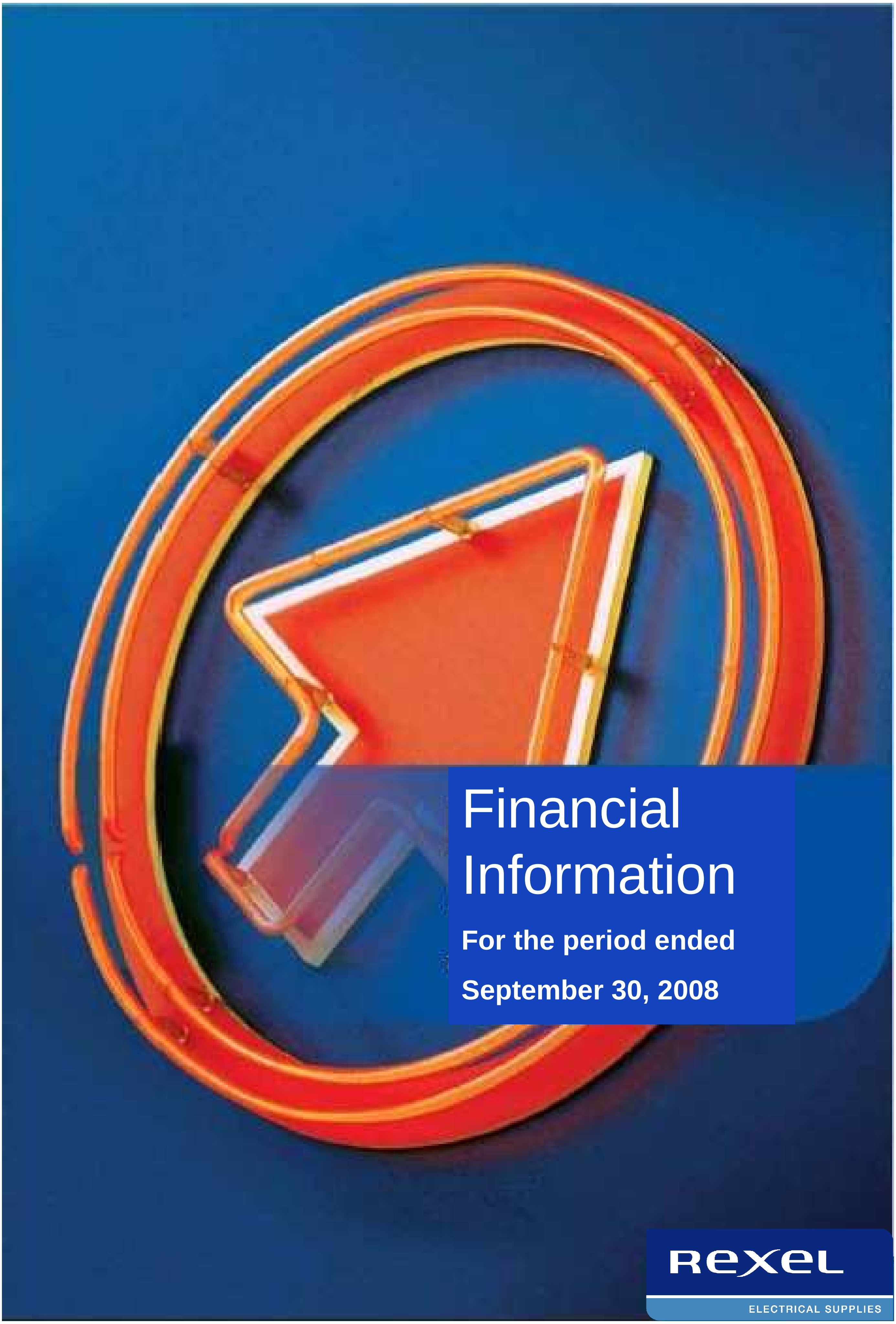

Financial Information

For the period ended

September 30, 2008

REXEL

ELECTRICAL SUPPLIES

Société anonyme à Directoire et Conseil de Surveillance
au capital social de 1 279 969 135 euros
Siège social : 189-193, boulevard Malesherbes
75017 Paris
479 973 513 R.C.S. Paris

Financial information for the period ended September 30, 2008

I. Activity report

This document is a free translation into English of the activity report for the period ended September 30, 2008 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended September 30, 2008, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Organized in December 2004, Rexel is a holding company which acquired Rexel Distribution and its subsidiaries via Ray Acquisition S.C.A., its direct subsidiary, on March 16, 2005. Rexel shares have been listed on the Eurolist market of Euronext Paris since April 4, 2007.

Following the tender offer in The Netherlands, ended on March 25, 2008 and initiated in connection with the agreement entered into on November 22, 2007 between Rexel, Sonepar, and Hagemeyer, Rexel acquired control of Hagemeyer N.V., a Netherlands based company operating as a worldwide distributor of electrical supplies.

Concurrently, Rexel entered into agreements with Sonepar regarding the transfer to Sonepar of the businesses of Hagemeyer (other than those of its Agencies / Consumer Electronics ("ACE") segment) located in the United States, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China, and Southeast Asia (Malaysia, Thailand and Singapore), as well as of six branches located in Germany (the "Sonepar Entities"). In addition, Rexel committed itself to transfer to Sonepar its current business in Germany and Sonepar committed itself to transfer to Rexel its current business in Sweden. All of these operations were completed by June 30, 2008.

The retained Hagemeyer entities were consolidated from March 31, 2008. As a consequence, the assets and liabilities of these entities are included in the Group consolidated balance sheet while their revenues, costs and cash flows are included in the consolidated income statement and cash flow statement only since April 1, 2008. The former business of the Group in Germany, transferred to Sonepar in the second quarter, has been excluded from the scope of consolidation since March 31, 2008. The business acquired from Sonepar in Sweden is consolidated from July 1, 2008. In addition, a pro forma income statement is disclosed in section 1.3 in order to reflect the effect of these transactions as if they had occurred on January 1, 2008. This pro forma income statement also reflects the effect of the disposal of the electrical distribution business of Hagemeyer in Ireland because of Rexel's commitment to the European competition authorities to such disposal.

Numbers and percentages in this document may be calculated on the basis of numbers expressed in thousands of euros, or other currencies, and accordingly, may differ from the numbers and percentages calculated on the basis of the numbers presented.

1.1 | Financial Situation of the Group

1.1.1 | Group Overview

The Group believes to be a worldwide leader in the professional distribution of low and ultra-low voltage electrical products based on sales and number of branches. The Group's business is organized around the three main geographic areas in which it operates: Europe, North America, and the Asia-Pacific zone. This geographic segmentation was determined on the basis of long-term economic trends, market characteristics, technical standards, products and suppliers operating in the countries within each geographic zone, as well as the proximity of markets. Operations deemed of lower materiality relative to the Group's operations as a whole and non-core operations are aggregated and presented under a separate segment called "Other Operations", as defined below. This segment also includes unallocated corporate overhead expenses.

In the first nine months of 2008, the Group recorded consolidated sales of €9,438.0 million, of which €5,212.1 million were generated in Europe (55% of sales), €3,262.2 million in North America (35% of sales), €686.3 million in the Asia-Pacific zone (7% of sales), and €277.4 million related to Other Operations (3% of sales).

The Europe zone consists of France (which accounts for approximately 35% of Group consolidated sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Sweden, Italy, Belgium, Spain, and Portugal, as well as several Central European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland and Russia). Following the acquisition of Hagemeyer, the Europe zone also includes Finland, Norway and the Baltic States from the second quarter of 2008.

The North America zone consists of the United States and Canada. The United States represents approximately 77% of the Group's consolidated sales in this zone and Canada the remaining 23%.

The Asia-Pacific zone consists of Australia, New Zealand and China, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 70% of the Group's consolidated sales in this zone and New Zealand close to 15%.

The Other Operations segment includes ACE, the Agencies / Consumer Electronics division acquired from Hagemeyer from the beginning of the second quarter of 2008, which represented 3% of the Group's sales in the second and third quarters. It also includes Chile, which represented less than 0.5% of the Group's sales in the same period and certain businesses managed at Group level (Bizline, Citadel and Conectis). Unallocated corporate overhead (mainly occupancy and personnel costs of the Paris headquarters) are also included in this segment, as well as elimination of inter-segments operations.

The analysis below covers the Group's sales, gross profit, distribution and administrative expenses and operating income before other income and other expenses (EBITA) separately for each of the three geographic segments, as well as the Other Operations segment.

1.1.2 | Seasonality

Notwithstanding the relatively low degree of seasonality within the Group's sales, there is seasonality in cash flows due to variations in working capital requirements, with, generally, about half of annual free cash flow generated in the first half, a low third quarter due to an increase in working capital requirements as a result of higher sales in September, and a strong fourth quarter..

1.1.3 | Effects of the evolution of copper price

The Group is indirectly exposed to fluctuations in copper prices in connection with the distribution of cable products. Cables accounted for approximately 20% of the Group's sales, and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cables prices also depend on suppliers' commercial policies and on the competitive environment in the Group's markets. Changes in copper price have an estimated so-called "recurring" effect and an estimated so called "non-recurring" effect on the Group's performance:

- The recurring effect related to the change in copper-based cables price corresponds 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 related to the change in copper-based cables price corresponds to 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), offset, when appropriate, by the non-recurring portion of changes in the distribution and administrative expenses (essentially, the variable portion of compensation of sales personnel, which accounts for approximately 10% of the variation in gross profit and has an effect on EBITA).

1.1.4 | Comparability of the Group's operating results

The Group has undertaken a number of acquisitions and disposals, and exchange rates may fluctuate significantly. Additionally, the number of working days in each period has an impact on the Group's consolidated sales. Finally, changes in copper price have an impact on Group's financial performance. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results below, financial information is also presented restated for the following adjustments.

Exclude the effects of acquisitions and disposals

The Group restates results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of its acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding year, assuming that the preceding year would have had the same scope of consolidation for the same period as the current year.

In the year 2007, the Group acquired NCA (Australia), APPRO 5 (France), Clearlight Electrical (United-Kingdom), Tri-Valley Electric Supply (United States), Boutet (Belgium), EIW (Australia) as well as 51% of Huazhang Electric Automation (China). The total amount of such investments was €116.8 million for the year 2007 including prices adjustments on previous acquisitions. This amount is the price paid for the shares or assets acquired reduced by the acquired cash. In the same period, the Group disposed of the activity of the company Kontakt Systeme in Switzerland, deemed non-core, for an amount of €4.9 million.

In the first nine months of 2008, the Group acquired Beacon Electric Supply Company, an electrical supplies distributor in the area of San Diego in the United States, the business of the ABK Electrical Wholesale Pty.Ltd Company, an electrical supplies distributor in Australia, Egleys Electrical in New Zealand, Espace Elec and NFM SA in France, and B.V. Electrotechnische Groothandel J.K. Busbroek in The Netherlands. These acquisitions amounted to €45.1 million, including prices adjustments on previous acquisitions.

In 2008, the Group also acquired Hagemeyer in an offering that ended on March 25, 2008. As of September 30, 2008, Rexel owned 99.00% of the outstanding shares and all of the convertible bonds outstanding for an amount of approximately €3.1 billion through its subsidiary Kelium. The transfer of the agreed activities to Sonepar was completed in June for an amount of approximately €1.6 billion. In addition, Rexel disposed of its activities in Germany to Sonepar for an amount of €177 million and acquired from Sonepar its activities in Sweden for an amount of €86 million. In total, the assets sale to and assets swap with Sonepar resulted for Rexel in a reduction of its net debt of approximately €1.7 billion.

Exclude the effects of fluctuations in exchange rates

Fluctuations in currency rates against the euro affect the euro value of the Group's sales, expenses and other balance sheet items as well as the income statement. Nonetheless, the Group has a relatively low exposure to the transaction risk of dealing in different currencies, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group compares its historical figures for the current year against the same period of the prior year figures, using for these figures the same euro exchange rates as in the current year.

Exclude the non-recurring effect related to changes in copper price

For the analysis of financial performance on a constant and Adjusted basis, the estimated non-recurring effect related to changes in copper-based cables price, as described in paragraph 1.1.3 – "Effects of the evolution of copper price" here above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "Adjusted" in the rest of this document.

Exclude the effects of different numbers of working days in each period to analyze sales

The Group's sales in a given period compared to another period are affected by the number of working days, which changes between periods. In the analysis of its consolidated sales, the Group neutralizes the effect of different numbers of working days between the two periods presented by comparing its historical figures for each month in the current year against the prior year figures, adjusted proportionally to the number of working days during the current year. This analysis by number of working days is not deemed relevant to the Group's other consolidated income statement items.

Exclude the effect of the amortization of the intangible assets recognized in preliminary allocation of the purchase price of Hagemeyer

Since the acquisition of Hagemeyer and in order to make the information comparable to the one of the previous periods, the amortization of the intangible assets recognized in the purchase price of Hagemeyer allocation is excluded from the Adjusted figures. This restatement takes effect after the completion of the Hagemeyer Offer, i.e. from the second quarter of 2008 onward. This restatement has an effect on EBITA only, as defined below, which is then referred to as "Adjusted EBITA".

Accordingly, in the following discussion of the Group's consolidated results, the following information may be provided for comparison purpose:

- On a constant basis, meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison on sales and headcounts;

- On a constant basis and same number of working days, meaning on a constant basis and restated for the effect of different numbers of working days in each period. Such information is used only for comparison related to sales;

- On a constant basis, Adjusted, meaning on a constant basis and adjusted for the two following elements:

  - The estimated non-recurring effect related to changes in copper-based cable price;

  - The amortization of the intangible assets recognized in the allocation of the purchase price of Hagemeyer.

  Such information is used for comparison related to gross profit, distribution and administrative expenses and EBITA.

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above.

EBITA is used to monitor the Group's performance. EBITA is defined as operating income before other income and expenses and is not an accepted accounting measure under IFRS. The table below sets out the reconciliation from actual operating income to Adjusted EBITA on a constant basis:

	Quarter ended September 30,		9 months ended September 30,	
(in millions of euros)	2008	2007	2008	2007
Operating income	123.2	143.0	536.0	439.8
(-) Other income and expenses	51.7	19.5	(26.1)	50.7
EBITA	**174.9**	**162.5**	**509.9**	**490.5**
External growth		25.8		50.7
Foreign exchange effect		(6.7)		(21.4)
Non recurring effect related to copper	7.6	(5.3)	4.8	(14.0)
Amortization of intangible assets recognized in the allocation of the purchase price of Hagemeyer	2.8	3.0	5.8	6.0
Adjusted EBITA on a constant basis	**185.3**	**179.3**	**520.5**	**511.8**

1.2 | Comparison of the financial results as at September 30, 2008 and September 30, 2007

In the first nine months of 2008, Rexel posted a robust EBITA margin and a strong cash flow generation.

Sales grew by 1.6% on a constant basis and same number of working days compared to the first nine months of 2007 to €9,438.0 million. With activity slowing down in the construction end-market in the United-States and several European countries, sales growth in the third quarter (+0.4% vs. the third quarter of 2007) was slower than in the second quarter (+1.7% vs. the second quarter of 2007), in line with Rexel's anticipations. In the first nine months of 2008, Adjusted operating income before other income and other expenses (Adjusted EBITA) reached €520.5 million or 5.5% of sales. This compares with €494.2 million in the first nine months of 2007 on a constant basis or 5.3% of sales. The 2007 amount excludes the €16 million favourable non-recurring items of the first quarter of 2007 previously disclosed and includes the same amount of share based compensation as in 2008, i.e. €1.6 million. On this basis, Adjusted EBITA rose 5.3% in the first nine months and 4.3% in the third quarter and Adjusted EBITA margin improved by 20 basis points, both year-to-date and in the quarter.

Free cash flow, after net investments and before interests and taxes paid, increased 33.6% to €116.2 million in the third quarter of 2008. Year-to-date, it amounted to €474.3 million reflecting:

- The solid EBITDA growth;
- A further reduction in working capital as a percentage of sales to 13.0% from 13.6% a year ago on a comparable basis;
- A €4.4 million inflow of net capital expenditures reflecting a €62.9 million sale and partial lease back of 7 regional distribution centres in France and selectivity in capital spending.

Finally, net income rose 31.8% at €313.0 million, pre IPO-related expenses.

Europe and the Asia-Pacific zone, representing 55% and 7% of consolidated sales respectively, posted 1.6% and 7.5% sales growth respectively on a constant basis and same number of working days, while North America, representing 35% of consolidated sales, managed to stay at the same level as in 2007 despite a challenging environment. In the third quarter of 2008, the organic sales evolution was 0.6% in Europe, -1.1% in North America and 5.7% in Asia-Pacific on a constant basis and same number of working days.

Rexel's activities in the industrial and commercial end-markets expanded in the first nine months of 2008 in Europe while residential construction was down in key countries such as the United-Kingdom, France and Spain. In North America, the downturn in residential and residential-related commercial construction continued while most other commercial construction segments weakened in the third quarter of 2008. Industrial end-markets remained strong in North America, particularly in the oil & gas and mining sectors. In Asia-Pacific, growth was sustained in the commercial and industrial end-markets while residential construction posted positive trends in Australia.

Rexel pursued the implementation of its gross margin levers: development of customer services, improvement of pricing structures, suppliers' concentration and purchasing synergies. On a constant basis, Adjusted gross margin thus increased by 20 basis points excluding the favourable non-recurring effects of the first quarter of 2007.

In a challenging economic environment, Rexel also focused on adapting its cost base. Cost adaptation measures were implemented throughout the period in North America and Europe to offset the slowing economy: at September 30, 2008, headcount was down 2.5% at Group level compared to December 31, 2007 on a constant basis, of which down 5.5% in North America and down 2.4% in Europe. Cost synergies between Rexel and Hagemeyer, notably relating to back-office, started to kick in according to plan.

The increase of Adjusted distribution and administrative expenses was therefore contained at 2.1% in the first nine months of 2008 compared to the first nine months of 2007 on a constant basis.

In the first nine months of 2008, Rexel carried on the reduction of working capital requirements as a percentage of sales, down to 13.0% on September 30, 2008, compared to 13.6% on September 30, 2007 on a constant basis.

Last, net debt was €3,213.2 million at September 30, 2008 reflecting the seasonally high level of working capital at the end of September, a month of strong activity. The €66.2 million increase since the end of the second quarter of 2008 is due to foreign exchange variances (€71.1 million) resulting mainly from the quarter-on-quarter appreciation of the US dollar against the Euro, as well as net financial investments for €32.4 million partly compensated by free cash flow of €37.8 million after interest and tax paid.

1.2.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first nine months and third quarters of 2008 and 2007, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	3,447.1	2,677.0	28.8%	9,438.0	7,981.8	18.2%
Gross profit	819.1	646.6	26.7%	2,287.2	1,961.4	16.6%
Distribution and administrative expenses(1)	(644.2)	(484.1)	33.1%	(1,777.3)	(1,470.9)	20.8%
EBITA(2)	174.9	162.5	7.6%	509.9	490.5	4.0%
Other income and expenses	(51.7)	(19.5)	-	26.1	(50.7)	-
Operating income	123.2	143.0	-	536.0	439.8	-
Financial expenses	(57.9)	(29.8)	-	(140.9)	(293.0)	-
Income tax	(30.7)	(45.3)	-	(101.1)	(59.9)	-
Net income	34.6	67.9	-	294.0	86.9	-
as a % of sales	*1.0%*	*2.5%*	-	*3.1%*	*1.1%*	-
(1) Including depreciation	(28.4)	(18.9)	50.3%	(74.5)	(53.0)	40.6%

(2) EBITA = Operating income before other income and other expenses.

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30, Rexel + Hagemeyer (3)			9 months ended September 30, Incl. Hagemeyer (3) from April 1st		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**3,447.1**	**3,411.2**	**1.1%**	**9,438.0**	**9,257.0**	**2.0%**
Same number of working days			*0.4%*			*1.6%*
Gross profit	826.8	812.1	1.8%	2,292.2	2,247.7	2.0%
as a % of sales	*24.0%*	*23.8%*		*24.3%*	*24.3%*	
Distribution and administrative expenses	(641.5)	(632.8)	1.4%	(1,771.7)	(1,735.9)	2.1%
as a % of sales	*(18.6)%*	*(18.6)%*		*(18.8)%*	*(18.8)%*	
EBITA(2)	**185.3**	**179.3**	**3.3%**	**520.5**	**511.8**	**1.7%**
as a % of sales	***5.4%***	***5.3%***		***5.5%***	***5.5%***	
Adjusted EBITA excluding the non-recurring items in Q1 2007(4)	**185.3**	**177.7**	**4.3%**	**520.5**	**494.2**	**5.3%**
as a % of sales	***5.4%***	***5.2%***		***5.5%***	***5.3%***	

(3) Hagemeyer retained activities.
(4) Adjusted EBITA in Q3 2007 also includes the same amount of share based compensation as in Q3 2008 (€1.6 million).

Sales

In the first nine months of 2008, Rexel's consolidated sales increased by 18.2% to reach €9,438.0 million, a 1.6% growth on a constant basis and same number of working days. Acquisitions net of divestitures accounted for an increase of €1,691.9 million, mainly related to the Hagemeyer transaction, while the negative effect of changes in exchange rates amounted to €416.7 million, mainly due to the depreciation of the US dollar against the Euro. In the third quarter of 2008, sales grew by 0.4% on a constant basis and same number of working days.

The following table analyzes the changes in sales growth between the first nine months of 2007 and 2008, on a reported basis and on a constant basis and same number of working days:

		Growth 2008 vs. 2007				
		Q1	Q2	H1	Q3	YTD
Growth on a constant basis and same number of working days		3.1%	1.7%	2.3%	0.4%	1.6%
Number of working days effect		(1.9)%	1.8%	0.2%	0.7%	0.4%
Organic growth	(1)	*1.2%*	*3.5%*	*2.5%*	*1.1%*	*2.0%*
External growth		1.3%	29.2%	15.7%	32.2%	21.2%
Foreign exchange		(4.7)%	(6.2)%	(5.5)%	(4.7)%	(5.2)%
Total of external growth and foreign exchange	(2)	*(3.4)%*	*23.1%*	*10.2%*	*27.4%*	*16.0%*
Actual growth (1) x (2)		(2.3)%	27.3%	12.9%	28.8%	18.2%

[(1)] Organic growth compounded with external growth and foreign exchange

In the first nine months of 2008, increase in copper-based cables prices, which represent approximately 20% of the Group's sales, accounted for approximately 0.4% in the 1.6% Group's sales growth on a constant basis and same number of working days.

Gross profit

In the first nine months of 2008, gross margin was 24.2% compared to 24.6% in the first nine months of 2007. On a constant basis, Adjusted gross margin remained stable compared to the first nine months of 2007 to 24.3%. Excluding the favourable non-recurring effect in the first quarter of 2007, Adjusted gross margin improved by 20 basis points. This improvement reflects the successful implementation of operating levers, notably the optimization of supply chain as well as first purchasing synergies with Hagemeyer.

In the third quarter of 2008, Adjusted gross margin increased by 20 basis points compared to the third quarter of 2007 on a constant basis.

Distribution and administrative expenses

Rexel pursued the optimization of its costs structure over the period to adapt to the current activity trends. Distribution and administrative expenses as a percentage of sales posted a limited increase from 18.4% in the first nine months of 2007 to 18.8% in the first nine months of 2008, notably due to a mix effect related to the consolidation from the second quarter of the Hagemeyer retained activities. On a constant basis, Adjusted distribution and administrative expenses increased by 2.1% between 2007 and 2008. Adjusted personnel expenses increased by only 0.1% on a constant basis due to the headcount reductions implemented, notably in North America and in Europe (mainly Spain and the United-Kingdom). At September 30, 2008, the number of employees was 34,110, to be compared to 34,999 at December 31, 2007 on a constant basis, namely a 2.5% reduction. During the third quarter of 2008, Rexel continued adapting its cost base in the United States and in Europe to address activity slowdowns in different countries. As a result, Adjusted distribution and administrative expenses increased by 1.4% in the quarter compared to the third quarter of 2007 on a constant basis, but remained stable as a percentage of sales.

Operating income before other income and other expenses (EBITA)

Operating income before other income and other expenses (EBITA) reached €509.9 million in the first nine months of 2008, a 4.0% increase compared to the first nine months of 2007 on a reported basis. On a constant basis, excluding the non-recurring favourable effect in the first quarter of 2007 and including in the third quarter of 2007 the same amount of share based compensation as in the third quarter of 2008, Adjusted EBITA increased by 5.3% and Adjusted EBITA margin improved by 20 basis points to 5.5%. On this basis for the third quarter of 2008, Adjusted EBITA grew 4.3% and represented 5.4% of sales, i.e. 20 basis points above last year.

Other income and other expenses

In the first nine months of 2008, other income and other expenses amounted to a net income of €26.1 million and included a €107.7 million capital gain on the disposal of German operations to Sonepar. They also included a €35.4 million goodwill impairment charge in respect of the Group's operations in Italy and in the Czech Republic, a €10.1 million capital gain on the disposal of logistic centres in France, €36.5 million restructuring and Hagemeyer's integration expenses and €18.6 million of non-cash charges in respect of free shares granted in April 2007 concurrently to the IPO of Rexel.

Financial expenses

In the first nine months of 2008, net financial expenses were €140.9 million (compared to €293.0 million in the same period of 2007, of which €166.0 million related to the Group's debt restructuring following its IPO). Net financial expenses included €11.0 million non-recurring costs related to the 2008 Group's debt restructuring and a €7.8 million foreign exchange gain related to the repayment of loans to the Hagemeyer Sonepar entities. As from the second quarter of 2008, financial expenses reflect mainly the terms of the new Senior Credit Agreement entered into for the Hagemeyer transaction.

Tax expenses

The effective tax rate was 25.6% at September 30, 2008 compared to 40.8% at September 30, 2007.

In the first nine months of 2008, the effective tax rate included the effect of the non taxable gain relating to the transfer to Sonepar of Rexel's operations in Germany, as well as the effect of the non deductible goodwill impairment mentioned above. Excluding these effects, the effective tax rate would have been 31%, i.e. at the announced normalized level.

In the first nine months of 2007, the effective tax rate included the effect of non-recurring IPO related costs, especially non-deductible expenses related to the free shares allocation plan. Excluding this effect, the effective tax rate would have been 33%.

Net income

Net income amounted to €294.0 million in the first nine months of 2008 and €34.7 million in the third quarter of 2008 compared to €86.9 million in the first nine months of 2007.

1.2.2 | Europe

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	1,962.9	1,209.8	62.2%	5,212.1	3,703.6	40.7%
Gross profit	484.4	322.9	50.0%	1,322.2	995.9	32.8%
Distribution and administrative expenses	(383.7)	(235.2)	63.1%	(1,027.1)	(724.2)	41.8%
EBITA(1)	100.7	87.7	14.8%	295.1	271.7	8.6%
as a % of sales	*5.1%*	*7.2%*		*5.7%*	*7.3%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30, Rexel + Hagemeyer (2)			9 months ended September 30, Incl. Hagemeyer (2) from April 1st		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**1,962.9**	**1,928.9**	**1.8%**	**5,212.1**	**5,082.1**	**2.6%**
Same number of working days			*0.6%*			*1.6%*
Gross profit	489.4	477.6	2.5%	1,328.2	1,291.8	2.8%
as a % of sales	*24.9%*	*24.8%*		*25.5%*	*25.4%*	
Distribution and administrative expenses	(381.9)	(373.5)	2.3%	(1,023.4)	(992.5)	3.1%
as a % of sales	*(19.6)%*	*(19.4)%*		*(19.7)%*	*(19.5)%*	
EBITA(1)	**107.5**	**104.1**	**3.3%**	**304.8**	**299.3**	**1.8%** (3)
as a % of sales	***5.5%***	***5.4%***		***5.8%***	***5.9%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Hagemeyer retained activities.
(3) EBITA growth was 4.6% excluding the non-recurring favourable effect in the first quarter of 2007.

In the first nine months of 2008, sales increased by 40.7% in Europe compared to the first nine months of 2007 and reached €5,212.1 million. Acquisitions accounted for a €1,629.8 million increase, essentially due to the acquisition of Hagemeyer, and divestments accounted for a €227.7 million decrease, essentially related to the disposal of Rexel Germany and Kontakt Systeme in Switzerland, while changes in exchange rates accounted for a €23.6 million decrease. On a constant basis and same number of working days, the sales increase was 1.6% in the first nine months of 2008 while it was 0.6% in the third quarter of 2008 reflecting a general slowdown in the construction end-market.

In France, sales amounted to €1,836.6 million in the first nine months of 2008, a 3.0% increase on a constant basis and same number of working days. The Group estimates that it outperformed the market on a year-to-date basis. This growth notably stemmed from small and medium contractors (approximately 30% of sales), with whom sales grew approximately 6% in the first nine months of 2008. By product family, sales growth was driven by electrical installation equipments and climate control, which increased approximately 5% and 7% respectively over the period. In the third quarter, sales increased by 3.8% on a constant basis and same number of working days.

In the United-Kingdom, sales amounted to €692.5 million in the first nine months of 2008, a 0.4% decrease on a constant basis and same number of working days. Rexel historical banners posted a 2.1% growth in the first nine months of the year, mainly attributable to the development of small and medium size projects in the commercial end-market and branch openings, which off-set the decrease of the banners acquired from Hagemeyer that suffer from the downturn of the construction market and projects in hold. In the third quarter, sales in the United-Kingdom decreased by 1.7% on a constant basis and same number of working days.

In Germany sales amounted to €546.4 million in the first nine months of 2008, a 2.4% increase on a constant basis and same number of working days. This performance reflects the activity of Rexel Germany for the first quarter of 2008 only and the one of Hagemeyer Germany in the second and third quarters of 2008. In the first quarter of 2008, Rexel Germany recorded a 1.1% sales decrease on a constant basis and same number of working days resulting from a difficult environment in the south of the country and negative cables sales evolution. In the second and third quarters of 2008, Hagemeyer Germany recorded a sales growth of 3.3% on a constant basis and same number of working days stemming from the industrial end-market whilst residential construction was losing momentum. Sales to industrial customers, which represented approximately 30% of total sales, recorded a double digit increase in the period. This was the result of added-value service development to this market segment, through twenty industrial competence centres in Germany fully dedicated to assist the industrial customer base. Sales kept growing in the third quarter of 2008 with an increase of 1.1% on a constant basis and same number of working days.

In Scandinavia sales amounted to €477.7 million in the first nine months of 2008, a 7.0% increase on a constant basis and same number of working days. In Sweden, Rexel estimates that it outperformed the market thanks to its ability to capture large projects and to develop with large accounts. Integration with the business acquired from Sonepar in Sweden started. In Norway, market was slowing down in the third quarter of 2008 in residential and industrial areas but recorded a double digit growth over the last 9 months. Hagemeyer Norwegian activities outperformed the market with large contractors and MRO customers. The Finish activities recorded 5.0% growth thanks to a good performance with large national contractors and industrial customers. In the third quarter of 2008, sales in Scandinavia increased by 3.5% on a constant basis and same number of working days despite the general economic slowdown.

In the first nine months of 2008, gross profit amounted to €1,322.2 million, a 32.8% increase compared to the first nine months of 2007. On a constant basis, Adjusted gross margin was 25.5% of sales in the first nine months of 2008, a 10 basis points improvement versus the first nine months of 2007. On-going improvements were partly offset by the favourable non-recurring effects in the first quarter of 2007. Excluding these effects, Adjusted gross margin in the first nine months of 2008 is estimated to be 20 basis points higher than in 2007. In the third quarter of 2008, Adjusted gross margin was 10 basis points higher than in the third quarter of 2007 on a constant basis, at 24.9% of sales. These performances are mainly due to favourable changes in product and customer mix and from better purchasing terms, including synergies from the Hagemeyer acquisition. The decrease of Adjusted gross margin from the first quarter to the second and third quarters of 2008 was mainly due to the mix effect related to the consolidation of the activities acquired from Hagemeyer from the second quarter.

In the first nine months of 2008, distribution and administrative expenses amounted to €1,027.1 million, i.e. 19.7% of sales compared to 19.6% in 2007. On a constant basis, Adjusted distribution and administrative expenses increased by 3.1%. Synergies resulting from the integration of Hagemeyer started and will be further developed. Adjusted personnel expenses increased by 1.0% on a constant basis. In order to adapt costs to the economic downturn, the number of employees was reduced by 2.4% compared to December 31, 2007 on a constant basis mainly in Spain and the United Kingdom, to 20,528 at September 30, 2008. Lease and maintenance expenses posted an above-inflation increase due to commercial and logistic initiatives. In the logistics area, the implementation of a national distribution centre in Austria, the transfer and improvement of several logistic centres in France as well as the sale and partial leaseback of 7 logistics platforms representing 125,000 m^2, resulted in the increase in expenses. Adjusted administrative and distribution expenses increased only by 2.3% in the third quarter on a constant basis.

Operating income before other income and other expenses (EBITA) amounted to €295.1 million, an 8.6% increase compared to the first nine months of 2007. On a constant basis and excluding the effect of non-recurring items in the first quarter of 2007, estimated Adjusted EBITA growth was 4.6% and Adjusted EBITA margin improved by 10 basis points. In the third quarter of 2008, Adjusted EBITA increased by 3.3% on a constant basis compared to the third quarter of 2007, and Adjusted EBITA margin increased by 10 basis points to 5.5% of sales.

1.2.3 | North America

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	1,121.6	1,244.0	(9.8)%	3,262.2	3,653.0	(10.7)%
Gross profit	239.5	266.4	(10.1)%	710.8	798.8	(11.0)%
Distribution and administrative expenses	(184.1)	(204.7)	(10.1)%	(546.6)	(615.5)	(11.2)%
EBITA(1)	55.4	61.7	(10.2)%	164.2	183.3	(10.4)%
as a % of sales	*4.9%*	*5.0%*		*5.0%*	*5.0%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,			
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %	
Sales	**1,121.6**	**1,137.9**	**(1.4)%**	**3,262.2**	**3,284.4**	**(0.7)%**	
Same number of working days			*(1.1)%*			-	
Gross profit	242.8	243.4	(0.3)%	710.9	719.1	(1.2)%	
as a % of sales	*21.6%*	*21.4%*		*21.8%*	*21.9%*		
Distribution and administrative expenses	(184.0)	(187.5)	(1.9)%	(546.6)	(553.1)	(1.2)%	
as a % of sales	*(16.4)%*	*(16.5)%*		*(16.8)%*	*(16.8)%*		
EBITA(1)	**58.8**	**55.9**	**5.1%**	**164.3**	**166.0**	**(1.0)%**	(2)
as a % of sales	***5.2%***	***4.9%***		***5.0%***	***5.1%***		

(1) EBITA = Operating income before other income and other expenses.

(2) EBITA growth was 4.0% excluding the non-recurring favourable effect in the first quarter of 2007.

In the first nine months of 2008, sales in North America amounted to €3,262.2 million, a 10.7% decrease compared to 2007. This decrease mainly resulted from the €368.6 million unfavourable evolution of the US dollar against the Euro. On a constant basis and same number of working days, sales were flat over the period. In the third quarter of 2008, sales decreased by 1.1% on a constant basis and same number of working days, notably because of the weakening in the non-residential related commercial construction market.

In the United States, sales amounted to €2,517.1 million in the first nine months of 2008, a 1.0% decrease on a constant basis and same number of working days. The downturn of residential construction continued while additional commercial end-markets weakened and some industrial segments started slowing down in the third quarter of 2008. Overall, the banking and credit crisis led to cancellations or postponements of projects. Sales continued to grow in some governmental projects in hospitals and education and specific industrial end-markets, such as in the power generation and petrochemical sectors. Sales decreased by 3.1% on a constant basis and same number of working days in the third quarter of 2008.

In Canada, sales amounted to €745.1 million in the first nine months of 2008, a 3.2% increase on a constant basis and same number of working days. Sales were affected by a softening economy, in particular in the industrial sector, notably in Ontario and Quebec, but also in the forestry operations in British Columbia. Sales teams were able to refocus on the growing sectors at regional level such as oil sands projects in Alberta and institutional and commercial projects in Eastern Canada and Ontario. In the third quarter of 2008, sales thus increased by 6.0% on a constant basis and same number of working days.

In the first nine months of 2008, gross profit amounted to €710.8 million, an 11.0% decrease compared to 2007, mainly due to changes in exchange rates against the Euro. On a constant basis, Adjusted gross margin decreased by 10 basis points at 21.8% of sales compared to the first nine months of 2007. This evolution is notably the result of the favourable non-recurring effect in the first quarter of 2007. Excluding this effect, Adjusted gross margin posted an estimated growth of 10 basis points. This improvement came from a better control in the implementation of Group pricing policies and improvement in purchasing terms. In the third quarter of 2008, Adjusted gross margin improved by 20 basis points compared to the third quarter of 2007 on a constant basis, from 21.4% in the third quarter of 2007 to 21.6% in the third quarter of 2008.

Distribution and administrative expenses amounted to €546.5 million in the first nine months of 2008, i.e. 16.8% of sales, stable compared to the first nine months of 2007. On a constant basis, Adjusted distribution and administrative expenses decreased by 1.2%. Adjusted personnel costs decreased by 3.4% on a constant basis due to staff reductions started in 2007 and continued in the first nine months of 2008 in order to adapt to current sales trends. Headcount was reduced from 9,708 at December 31, 2007 to 9,176 at September 30, 2008 on a constant basis, i.e. a 5.5% decrease. Adjusted distribution and administrative expenses in the third quarter of 2008 were reduced by 1.9% on a constant basis compared to the third quarter of 2007.

Operating income before other income and other expenses (EBITA) thus amounted to €164.2 million in the first nine months of 2008, a 10.4% decrease compared to the first nine months of 2007, mainly due to changes in foreign exchange rates. On a constant basis and excluding the effect of non-recurring items in the first quarter of 2007, Adjusted EBITA posted an estimated 4.0% growth, due to the increase in gross profit in the first quarter of the year and the controlled evolution of costs. In the third quarter of 2008, on a constant basis, Adjusted EBITA increased by 5.1% compared to the third quarter of 2007, and improved by 30 basis points as a percentage of sales to 5.2% in the third quarter of 2008.

1.2.4 | Asia-Pacific

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	237.9	208.8	13.9%	686.3	581.0	18.1%
Gross profit	57.4	51.9	10.6%	168.8	148.5	13.7%
Distribution and administrative expenses	(40.2)	(38.8)	3.6%	(120.2)	(110.8)	8.4%
EBITA(1)	17.2	13.1	31.3%	48.6	37.7	29.0%
as a % of sales	*7.2%*	*6.3%*		*7.1%*	*6.5%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**237.9**	**221.5**	**7.4%**	**686.3**	**634.7**	**8.1%**
Same number of working days			*5.7%*			*7.5%*
Gross profit	56.7	55.3	2.6%	167.8	160.1	4.8%
as a % of sales	*23.8%*	*25.0%*		*24.4%*	*25.2%*	
Distribution and administrative expenses	(40.1)	(40.2)	(0.2)%	(120.2)	(118.7)	1.2%
as a % of sales	*(16.8)%*	*(18.2)%*		*(17.5)%*	*(18.7)%*	
EBITA(1)	**16.6**	**15.1**	**9.9%**	**47.6**	**41.4**	**15.0%**
as a % of sales	***7.0%***	***6.8%***		***6.9%***	***6.5%***	

(1) EBITA = Operating income before other income and other expenses.

In the first nine months of 2008, sales in the Asia-Pacific zone increased by 18.1% compared to the first nine months of 2007 to €686.3 million, or 7.5% on a constant basis and same number of working days. On the same basis, sales increase was 5.7% in the third quarter of 2008 compared to the third quarter of 2007.

In the first nine months of 2008, sales in Australia amounted to €483.7 million, an 8.2% increase on a constant basis and same number of working days from 2007. Strong industrial and mining businesses and a fair non-residential construction activity enabled Australian banners to outperform the market in the first nine months of the year, based on Rexel's estimates. Sales growth was particularly high in Queensland, New South Wales and Western Australia. Industrial key accounts and large national contractors were the main growth drivers. In the third quarter of 2008, sales growth was 7.4% on a constant basis and same number of working days.

In New-Zealand, affected by the downturn of the residential and commercial construction markets, sales amounted to €101.8 million, a 1.4% decrease compared to 2007 on a constant basis and same number of working days.

In Asia, sales amounted to €100.8 million in the first nine months of 2008, a 14.3% increase on a constant basis and same number of working days compared to 2007, which evidences the fast development of the Group's different banners particularly driven by the lighting and automation segments and the panel builder customers. In the third quarter, sales increase amounted to 5.4% on a constant basis and same number of working days impacted by a strong drop in activity during the Olympic games in China. Rexel signed in January 2008 an agreement for the acquisition of the Suzhou Xidian company, whose completion is still subject to the approval by the appropriate authorities.

In the first nine months of 2008, gross profit increased by 13.7% to €168.8 million. On a constant basis, Adjusted growth margin decreased by 80 basis points in the zone, mainly due to a gross margin decrease in Australia (more projects with lower gross margin but also lower costs and good payment terms) and to a lesser extent due the growth in Asia where gross margin is lower (mix effect). In the third quarter of 2008, gross margin decreased by 120 basis points for the same reasons.

Distribution and administrative expenses were €120.2 million in the first nine months of 2008, i.e. 17.5% of sales compared to 19.1% in the first nine months of 2007. On a constant basis, Adjusted distribution and administrative expenses increased by 1.2% compared to the first nine months of 2007, while sales grew 8.1%. Adjusted personnel costs increased by 4.7% on a constant basis. Headcount increased from 2,700 at December 31, 2007 to 2,784 at September 30, 2008 on a constant basis, as a result of sales increase. In the third quarter of 2008, Adjusted distribution and administrative expenses decreased by 0.2% reflecting the efficient cost control in a situation of high sales increase.

Operating income before other income and other expenses (EBITA) amounted to €48.6 million in the first nine months of 2008, a 29.0% increase compared to 2007. On a constant basis, Adjusted EBITA increased by 15.0%, from 6.5% of sales in the first nine months of 2007 to 6.9% in the first nine months of 2008. In the third quarter of 2008, Adjusted EBITA increased by 9.9% compared to the third quarter of 2007, a 20 basis points improvement as a percentage of sales, from 6.8% of sales in the third quarter of 2007 to 7.0% in the third quarter of 2008.

1.2.5 | Other operations

REPORTED	Quarter ended September 30,		9 months ended September 30,	
(in millions of euros)	2008	2007	2008	2007
Sales	124.7	14.4	277.4	44.2
Gross profit	37.8	5.4	85.4	18.2
Distribution and administrative expenses	(36.2)	(5.4)	(83.4)	(20.4)
EBITA(1)	1.6	-	2.0	(2.2)
as a % of sales	*1.3%*	*-*	*0.7%*	*(5.1)%*

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30, Rexel + Hagemeyer (2)			9 months ended September 30, Incl. Hagemeyer (2) from April 1st		
(in millions of euros)	2008	2007	Change in %	2008	2007	Change in %
Sales	**124.7**	**122.9**	**1.5%**	**277.4**	**255.8**	**8.5%**
Same number of working days			*0.2%*			*6.4%*
Gross profit	37.9	35.8	5.8%	85.3	76.7	11.2%
as a % of sales	*30.4%*	*29.1%*		*30.7%*	*30.0%*	
Distribution and administrative expenses	(35.5)	(31.6)	12.2%	(81.5)	(71.6)	13.8%
as a % of sales	*(28.5)%*	*(25.7)%*		*(29.4)%*	*(28.0)%*	
EBITA(1)	**2.4**	**4.2**	**(42.3)%**	**3.8**	**5.1**	**(25.9)%**
as a % of sales	***1.9%***	***3.4%***		***1.4%***	***2.0%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Hagemeyer retained activities.

In the second and third quarters of 2008, the Agencies / Consumer Electronics segment recorded a 4.9% growth on a constant basis and same number of working days from 2007 mainly driven by Asia and The Netherlands but a 2.4% decrease in the third quarter due to Australia. The Asian agencies business, focused on the sales of luxury goods through retail shops, recorded a robust growth in all countries. The growth of the Netherlands business started slowing down after the previous high growth related to flat TV screen sales impulsed by the European football championship. In Australia, growth in kitchen appliances sales was offset by a decrease in electronics sales.

In the third quarter of 2008, EBITA includes a €1.6 million charge related to a share based compensation scheme implemented in June 2008.

1.3 | Rexel Group consolidated pro forma income statement

The pro forma income statement for the first nine months of 2008 and 2007 was prepared so as to reflect the effect of (i) the completion of the public purchase offer of all of the outstanding shares and bonds of Hagemeyer, (ii) the completion of the asset swap agreed upon with Sonepar and (iii) the disposal of the electrical supplies distribution business of Hagemeyer in Ireland, as if these operations were completed on January 1, 2008. The assumptions and principles used for its preparation are disclosed in the section 20.2 of the *Document de reference* registered by the *Autorité des Marchés Financiers* on April 30, 2008 under number R.08-046. In addition, the pro forma income statement for the first nine months of 2007 was prepared using the same exchange rates as the one used for the first nine months of 2008 (average rates over the period).

	Nine months ended September 30,		
(in millions of euros)	2008	2007	Change in %
Sales	**10,309.5**	**10,086.6**	***2.2%***
Variation à nombre de jours constant			*2.1%*
Gross profit	2,487.0	2,450.3	*1.5%*
as a % of sales	*24.1%*	*24.3%*	
Distribution and administrative expenses	(1,968.9)	(1,922.1)	*2.4%*
Operating income before other income and other expenses (EBITA)	518.1	528.2	*(1.9)%*
Adjusted EBITA	***533.5***	***529.3***	***0.8%*** (1)
as a % of sales	***5.2%***	***5.2%***	

(1) EBITA growth was 4.3% excluding the non-recurring favourable effect in the first quarter of 2007 and including the same amount of share based compensation as in 2008.

Comparison of the Group performance between the two periods is affected by the non-recurring favourable effect in the first quarter of 2007 and the share based compensation in the third quarter of 2008. Excluding these effects, increase in Adjusted EBITA is 4.3%, and Adjusted EBITA margin improved by 10 basis points from 5.1% in 2007.

1.3.1 | Reconciliation of the reported consolidated income statement of Rexel with the pro forma consolidated income statement

The Hagemeyer column in the table below reflects the impact of Hagemeyer entities excluding those transferred to Sonepar and the operations of Hagemeyer in Ireland disposed of in the third quarter of 2008. This column also includes the effect of the disposal to Sonepar of Rexel historical operations in Germany and the acquisition of Sonepar activity in Sweden.

September 30, 2008 *(in millions of euros)*	Rexel	Hagemeyer	Other Operations related restatements	Pro forma
Sales	**9,438.0**	**871.5**	**-**	**10,309.5**
Cost of goods sold	(7,150.8)	(671.7)	-	(7,822.5)
Gross profit	**2,287.2**	**199.8**	**-**	**2,487.0**
Adjusted Gross profit	*2,292.2*	*201.6*	-	*2,493.8*
Distribution and administrative expenses	(1,777.3)	(188.6)	(3.0)	(1,968.9)
Operating income before other income and other expenses (EBITA)	**509.9**	**11.2**	**(3.0)**	**518.1**
Adjusted EBITA	*520.5*	*13.0*	-	*533.5*
Other income and expenses	26.1	(13.7)	-	12.4
Operating income	**536.0**	**(2.5)**	**(3.0)**	**530.5**
Net financial expense	(140.9)	(0.3)	(11.1)	(152.3)
Net income before income tax	**395.1**	**(2.8)**	**(14.1)**	**378.2**
Income tax	(101.1)	8.3	(2.6)	(95.4)
Net income	**294.0**	**5.5**	**(16.7)**	**282.8**
Depreciation	(74.5)	(8.3)	(3.0)	(85.8)

1.3.2 | Pro forma income statement by geographic zone

The following table discloses the split by geographic zone of pro forma sales, Adjusted gross profit and Adjusted EBITA for the first nine months of 2008. Adjusted EBITA is EBITA excluding the amortization of intangible assets recognized in the purchase price of Hagemeyer preliminary allocation, restated for the estimated non-recurring effect related to changes in copper-based cable price.

September 30, 2008 *(in millions of euros)*		Europe	North America	Asia Pacific	Other operations	Total pro forma
Sales		**5,985.3**	**3,262.2**	**686.3**	**375.7**	**10,309.5**
Adjusted Gross profit		1,502.9	710.9	167.8	112.2	2,493.8
	as a % of sales	*25.1%*	*21.8%*	*24.4%*	*29.9%*	*24.2%*
Adjusted EBITA		**319.6**	**164.3**	**47.6**	**2.0**	**533.5**
	as a % of sales	***5.3%***	***5.0%***	***6.9%***	***0.5%***	***5.2%***

The breakdown of pro forma sales in the first nine months of 2008 is the following:

	In millions of euros	Change 2008 vs. 2007	
		Actual number of working days	Same number of working days
Group Total	**10,309.5**	**2.2%**	**2.1%**
Europe	**5,985.3**	**2.7%**	**2.3%**
Of which:			
France	1,836.6	3.0%	3.0%
United-Kingdom	926.4	0.2%	(0.4)%
Germany	647.5	7.1%	5.7%
Scandinavia	704.3	9.0%	8.3%
North America	**3,262.2**	**(0.7)%**	**-**
Asia - Pacific	**686.3**	**8.1%**	**7.5%**
Other operations	**375.7**	**10.7%**	**9.8%**

1.4 | Risks and uncertainties regarding 2008 fourth quarter

Risk factors set out in the *Document de reference*[1] are repeated.

1.5 | 2008 outlook

Rexel's solid year-to-date performance demonstrates its strong resilience and responsiveness.

In view of the current economic environment, Rexel expects for 2008:

- Revenue to be flat or slightly below last year, on a constant basis and same number of working days;
- Adjusted EBITA margin around the 2007 Restated[2] level of 5.4%.

Rexel's priorities remain to:

- Continue to adjust its cost base;
- Focus on cash flow generation;
- Accelerate gains from its enhanced European platform; and
- Allocate its resources to higher growth market segments.

[1] See chapter 4 of the Document de référence n°R.08-046 registered with AMF on April 30, 2008.

[2] Based on the purchase of all outstanding shares and convertible bonds of Hagemeyer the disposals and asset swap with Sonepar and the divestment of Hagemeyer's electrical distribution activities in Ireland, on April 1, 2008.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow as at September 30, 2008 and September 30, 2007

The following table sets out Rexel's cash flow for the quarters and nine months ended September 30, 2008 and September 30, 2007.

(in millions of euros)		Quarter ended September 30, 2008	Quarter ended September 30, 2007	9 months ended September 30, 2008	9 months ended September 30, 2007
Operating cash flow[1]		181.5	174.4	544.8	529.2
Interest	(a)	(52.1)	(27.2)	(133.5)	(192.4)
Taxes	(a)	(26.2)	(27.1)	(83.8)	(24.3)
Changes in working capital requirement		(52.8)	(70.3)	(74.9)	(77.9)
Cash flow from operating activities	(b)	50.4	49.8	252.6	234.6
Cash flow from investing activities		(44.9)	(27.5)	(1,437.2)	(33.0)
Including operating capital expenditures[2]	*(c)*	*(12.5)*	*(17.1)*	*4.4*	*(0.5)*
Cash flow from financing activities		(149.7)	(254.5)	1,353.9	(183.3)
Net cash flow		(144.2)	(232.2)	169.3	18.3
Free cash flow:					
- before interest and taxes (b) – (a) + (c)		**116.2**	**87.0**	**474.3**	**450.8**
- after interest and taxes (b) + (c)		**37.9**	**32.7**	**257.0**	**234.1**

(1) Before interest, taxes and changes in working capital requirement.
(2) Net of disposals.

2.1.1 | Cash flow from operating activities

Rexel's cash flow from operating activities was a €252.6 million inflow in the first nine months of 2008 compared to €234.6 million in the first nine months of 2007. In the third quarter of 2008, cash flow from operating activities amounted to a €50.4 million inflow compared to a €49.8 million inflow in the third quarter of 2007.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €529.2 million in the first nine months of 2007 to €544.8 million in the first nine months of 2008, due to the high level of operating income before depreciation, other income and other expenses (EBITDA) achieved in 2008. This latter increased from €543.5 million in the first nine months of 2007 to €584.4 million in the first nine months of 2008; it was partially offset by restructuring costs incurred in the first nine months of 2008.

Interest and taxes

In the first nine months of 2008, interest paid amounted to €133.5 million compared to €192.4 million in the first nine months of 2007. The 2007 cash-out included €89.6 million in respect of the redemption premium for the Senior Subordinated Notes pursuant to the refinancing operations following the initial public offering of Rexel, paid on April 4, 2007. From the second quarter of 2008, interest paid reflects the terms of the new Senior Credit Agreement entered into for the Hagemeyer transaction.

In the first nine months of 2008, €83.8 million income taxes were paid compared to €24.3 million paid in the first nine months of 2007. The second quarter of 2007 included a non-recurring tax refund from the French authorities for an amount of €53.4 million.

Changes in working capital requirement

Cash used by changes in working capital requirement amounted to €74.9 million in the first nine months of 2008 compared to €77.9 million in the first nine months of 2007. As a percentage of the last twelve months sales, the working capital requirement decreased from 13.6% at September 30, 2007 on a constant basis to 13.0% at September 30, 2008. This 60 basis points improvement includes 20 basis points related to acquisition costs and to the reimbursement of a 2005 VAT receivable.

2.1.2 | Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities amounted to a €1,437.2 million outflow in the first nine months of 2008 compared to a €33.0 million outflow in the first nine months of 2007.

	Quarter ended September 30,		9 months ended September 30,	
(in millions of euros)	2008	2007	2008	2007
Acquisitions of operating fixed assets[(1)]	(12.5)	(17.1)	4.4	(0.5)
Acquisitions of financial fixed assets[(1)]	(34.3)	(10.3)	(2,297.1)	(34.9)
Net change in long-term investments	1.9	(0.1)	855.5	2.4
Cash flow from investing activities	(44.9)	(27.5)	(1,437.2)	(33.0)

[(1)] Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisition of operating fixed assets, net of disposals, were a €4.4 million inflow in the first nine months of 2008 compared to a €0.5 million outflow in the first nine months of 2007.

In the first nine months of 2008, gross capital expenditures amounted to €73.7 million, i.e. 0.8% of the sales of the period, of which €17.8 million related to IT systems, €26.9 million to the renovation of existing branches and the opening of new branches, €16.0 million to logistics and €3.4 million to other investments. Changes in the related suppliers payable amounted to €9.6 million, accounting for an increase in the capital expenditures of the period. Disposals of fixed assets in the first nine months of 2008 amounted to €78.1 million and mainly related to a sale and leaseback transaction in the first nine months of 2008, on 7 logistic centres in France for an amount of €62.9 million, to company cars in the United-Kingdom for an amount of €7.5 million and a building in The Netherlands for an amount of €3.1 million.

In the first nine months of 2007, gross capital expenditures amounted to €51.7 million, i.e. 0.6% of the sales of the period, including €17.9 million related to IT systems, €18.0 million to the renovation of existing branches and the opening of new branches, €13.2 million to logistics and €1.5 million to other investments. Changes in the related suppliers payable amounted to €1.1 million, accounting for an increase in the capital expenditures of the period. Disposals of fixed assets amounted to €51.2 million, mainly including a sale and leaseback transaction of commercial premises in Switzerland for an amount of €45.8 million (€42.0 million net of related taxes).

Financial investments

Rexel's net financial investments represented a net outflow of €2,297.1 million in the first nine months of 2008 compared to €34.9 million in the first nine months of 2007.

In the first nine months of 2008, outflows in respect of financial investments mainly included the completion of the Hagemeyer offer for an amount of €3,071.2 million net of cash acquired. The disposal of the Sonepar entities in June 2008 resulted in an inflow of €731.5 million. The net proceeds resulting from the transaction with Sonepar are comprised of a €177.0 million cash inflow in respect of the disposal of Rexel's historical business in Germany and a €84.1 million cash outflow in respect of the acquisition of Sonepar's business in Sweden. The other investments are comprised of the acquisition of Beacon in the United States for US $20.1 million (€12.7 million), Egley in New Zealand for NZD 6.0 million (€3.4 million), Espace Elec and NFM SA in France for €6.6 million and €4.4 million respectively, and B.V. Electrotechnische Groothandel J.K. Busbroek in The Netherlands for €4.2 million. They also included an earn-out relating to the acquisition of Huazhang in China for €7.3 million and a €2.6 million price adjustment related to the EIW company in Australia.

In the first nine months-year of 2007, financial investments included mainly a price adjustment paid in March 2007 and related to the acquisition of GE Supply for US $9.7 million (€7.7 million) and the acquisition of APPRO 5 in France for €6.7 million, Clearlight Electrical in the United-Kingdom for £5.3 million (€7.8 million), of Tri-Valley Electric Supply in the United States for US $1.5 million (€1.2 million) and Boutet in Belgium for €6.8 million. Financial investments also included the acquisition of the Rexel Distribution subsidiary shares in accordance with liquidity agreements on share option plans from 2002 to 2003, in an amount of €3.9 million. In 2007, Rexel also disposed of the business of the company Kontakt Systeme for a net amount of €4.9 million.

Changes in long-term investments

Net cash from changes in long term investments represents a net inflow of €855.5 million in the first nine months of 2008 compared to a net inflow of €2.4 million in the first nine months of 2007.

Net cash recorded in the first nine months of 2008 mainly reflected the intercompany loan repayment from the Sonepar entities for an amount of €852.6 million.

Net cash recorded in the first nine months of 2007 mainly reflected the reimbursement of a portion of cash collateral pledged to guarantee a credit facility in Australia.

2.1.3 | Cash flow from financing activities

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

In the first nine months of 2008, financing activities accounted for a €1,353.9 million inflow. The net change in credit facilities accounted for €1,470.9 million and was comprised of the drawing under the new Senior Credit Agreement for €4,310.3 million, net of transaction fees. This amount was used to acquire the Hagemeyer shares and bonds for €3,151.2 million, as well as to repay the 2007 Senior Credit Agreement for €933.0 million and refinance Hagemeyer pre-acquisition debt for €260.0 million. In June 2008, a reimbursement of €1,400 million of the new Senior Credit Agreement was made following disposals to Sonepar. In May 2008, Rexel redeemed the bonds issued in 1998 for a net amount of €45.7 million corresponding to the par value of the bond issuance. Repayments of finance lease liabilities amounted to €51.9 million and securitization programs increased by €25.8 million. In June 2008, a €0.37 dividend was paid to the shareholders, for a total amount of €94.4 million.

In the first nine months of 2007, financing activities accounted for a €183.3 million outflow. The net proceeds from the initial public offering in the second quarter of 2007 were €999.7 million. Together with the 2007 term loan facilities, drawn down in an amount of €1,300 million, these inflows were used to repay in full the former 2005 Senior Credit Agreement and the €600.0 million Senior Subordinated Notes. In addition, repayments of finance lease liabilities amounted to €21.6 million. In the third quarter of 2007, the 2007 Senior Credit Agreement debt was partly repaid in an amount of €285.0 million while the revolver credit facility was increased in the same amount.

2.2 | Sources of financing of the Group

In addition to the cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At September 30, 2008, Rexel's consolidated net debt amounted to €3,213.2 million, and was made up as follows:

	September 30, 2008			December 31, 2007		
(in millions of euros)	Current	Non current	Total	Current	Non current	Total
Senior subordinated notes and indexed bonds	-	-	-	54.8	-	54.8
Senior credit facility	-	2,695.4	2,695.4	-	960.6	960.6
Securitization	-	974.8	974.8	-	1,012.1	1,012.1
Bank loans	7.5	4.2	11.7	5.9	5.0	10.9
Bank overdrafts and other credit facilities	222.4	-	222.4	45.1	-	45.1
Finance lease obligations	14.9	27.9	42.8	16.9	37.5	54.4
Less transaction costs	-	(46.2)	(46.2)	-	(16.1)	(16.1)
Total financial debt and accrued interest	**244.8**	**3,656.1**	**3,900.9**	**122.7**	**1,999.1**	**2,121.8**
Cash and cash equivalents			(687.7)			(515.2)
Net financial debt			**3,213.2**			**1,606.6**

Changes between the two dates are mainly related to financing of the offer on Hagemeyer shares and bonds (see note 12 – "Financial liabilities" to Rexel's Condensed Consolidated Interim Financial Statements as of September 30, 2008).

In the context of this acquisition, Rexel refinanced its pre-existing debt as well as the Hagemeyer one and entered into a €5.4 billion senior credit agreement (the "New Credit Agreement") whose terms and conditions are disclosed in note 12 to the financial statements as at September 30, 2008.

On September 30, 2008, the Group had slightly above €1 billion of cash available including cash and cash equivalents as well as undrawn revolver credit. Rexel's available liquidity is well above mandatory debt repayments until mid-2011.

II. Condensed consolidated interim financial statements

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended September 30, 2008 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended September 30, 2008, the French version will prevail.

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Consolidated income statement

(in millions of euros)	*Note*	For the period ended September 30 2008	2007
Sales	*4*	9,438.0	7,981.8
Cost of goods sold		(7,150.8)	(6,020.4)
Gross profit		**2,287.2**	**1,961.4**
Distribution and administrative expenses	*5*	(1,777.3)	(1,470.9)
Operating income before other income and expenses		**509.9**	**490.5**
Other income	*6*	119.3	6.0
Other expenses	*6*	(93.2)	(56.7)
Operating income		**536.0**	**439.8**
Financial income		58.0	32.6
Interest expense on borrowings		(152.8)	(141.9)
Refinancing related expenses		(11.0)	(166.0)
Other financial expenses		(35.1)	(17.7)
Financial expenses (net)	*7*	*(140.9)*	*(293.0)*
Net Income before income tax		**395.1**	**146.8**
Income tax	*8*	(101.1)	(59.9)
Net income		**294.0**	**86.9**
Attributable to:			
Equity holders of the parent		293.0	86.6
Minority interests		1.0	0.3
Earnings per share:			
Basic earnings per share (*in euros*)	*9*	1.15	0.41
Fully diluted earnings per share (*in euros*)	*9*	1.12	0.41

Consolidated balance sheet

(in millions of euros)	***Note***	**As of September 30, 2008**	**As of December 31, 2007**
Assets			
Goodwill	***3***	3,825.8	2,608.3
Intangible assets		997.4	686.0
Property, plant & equipment		343.8	272.1
Long-term investments	***3***	60.4	76.8
Deferred tax assets		223.9	127.4
Total non-current assets		**5,451.3**	**3,770.6**
Inventories		1,505.5	1,143.2
Trade accounts receivable		2,698.6	2,018.5
Income tax receivable		6.3	1.4
Other accounts receivable		486.1	422.6
Assets classified as held for sale	***11***	3.0	-
Cash and cash equivalents	***12.1***	687.7	515.2
Total current assets		**5,387.2**	**4,100.9**
Total assets		**10,838.5**	**7,871.5**
Equity			
Share capital		1,280.0	1,280.0
Share premium		1,409.9	1,409.9
Reserves and retained earnings		746.9	531.4
Total equity attributable to equity holders of the parent		**3,436.8**	**3,221.3**
Minority interests		27.3	6.0
Total equity		**3,464.1**	**3,227.3**
Liabilities			
Interest bearing debt	***12.1***	3,656.0	1,999.1
Employee benefits		194.6	125.6
Deferred tax liabilities		251.7	161.5
Provision and other non-current liabilities		167.8	52.8
Total non-current liabilities		**4,270.1**	**2,339.0**
Interest bearing debt	***12.1***	237.6	118.1
Accrued interest	***12.1***	7.3	4.6
Trade accounts payable		2,164.7	1,659.3
Income tax payable		45.3	24.0
Other current liabilities		649.4	499.2
Total current liabilities		**3,104.3**	**2,305.2**
Total liabilities		**7,374.4**	**4,644.2**
Total equity and liabilities		**10,838.5**	**7,871.5**

Consolidated statement of cash flows

(in millions of euros)	*Note*	For the period ended September 30, 2008	2007
Cash flows from operating activities			
Operating income		536.0	439.8
Depreciation, amortisation and impairment of assets		110.4	56.9
Employee benefits		(11.7)	(5.3)
Change in other provisions		8.3	(3.7)
Other non-cash operating items [1]		(98.2)	41.5
Interest paid		(133.5)	(192.4)
Income tax paid		(83.8)	(24.3)
Operating cash flows before change in working capital requirements		*327.5*	*312.5*
Change in inventories		13.2	(74.3)
Change in trade and other receivables		(73.9)	(78.7)
Change in trade and other payables		(20.0)	68.9
Changes in other working capital items		5.8	6.2
Change in working capital		*(74.9)*	*(77.9)*
Net cash from operating activities		**252.6**	**234.6**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(73.7)	(51.7)
Proceeds from disposal of property, plant and equipment	***6.1***	78.1	51.2
Acquisition of subsidiaries, net of cash acquired	***3***	(3,201.8)	(39.8)
Proceeds from disposal of subsidiaries, net of cash disposed		904.7	4.9
Change in long-term investments		855.5	2.4
Net cash from investing activities		**(1,437.2)**	**(33.0)**
Cash flows from financing activities			
Proceeds from the issue of share capital		-	1,005.5
(Repurchase) / Disposal of treasury shares		3.5	(5.9)
Net change in credit facilities and other financial borrowings	***12.3***	1,470.9	(1,192.2)
Net change in securitisation	***12.3***	25.8	30.8
Payment of finance lease liabilities	***12.3***	(51.9)	(21.6)
Dividends paid		(94.4)	-
Net cash from financing activities		**1,353.9**	**(183.4)**
Net increase in cash and cash equivalents		169.3	18.2
Cash and cash equivalents at the beginning of the period		515.2	473.1
Effect of exchange rate changes on cash and cash equivalents		3.2	(7.1)
Cash and cash equivalents at the end of the period		**687.7**	**484.2**

(1) including capital gains and losses disclosed in note 6

Consolidated statement of recognised income and expenses

(in millions of euros)	For the period ended September 30 2008	 2007
Net income	**294.0**	**86.9**
Foreign currency exchange discrepancies	(6.2)	4.7
Cash flow hedges (net of tax)	(0.9)	(2.1)
Available for sale securities	0.3	-
Income and expenses recognised directly in equity	*(6.8)*	*2.6*
Total recognised income and expenses for the period	**287.2**	**89.5**
Attributable to:		
Equity holders of the parent	285.6	89.3
Minority interest	1.6	0.2

Consolidated statement of changes in shareholders' equity

(in millions of euros)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	**Total attributable to the group**	Minority interests	**Total**
At January 1, 2007	**630.5**	**1.6**	**333.3**	**5.3**	**12.3**	**-**	**983.0**	**5.6**	**988.6**
Foreign currency exchange discrepancies	-	-	-	(24.1)	-	-	(24.1)	(0.1)	(24.2)
Cash flow hedges	-	-	-	-	(6.9)	-	(6.9)	-	(6.9)
Securities available for sale assets					(0.3)		(0.3)		(0.3)
Income and expenses recognised directly in equity	**-**	**-**		**(24.1)**	**(7.2)**	**-**	**(31.3)**	**(0.1)**	**(31.4)**
Net income	-	-	143.0	-	-	-	143.0	0.5	143.5
Total recognised income and expense for the period	**-**	**-**	**143.0**	**(24.1)**	**(7.2)**	**-**	**111.7**	**0.4**	**112.1**
Issue of share capital	649.5	1,408.3	14.7	-	-	-	2,072.5	-	2,072.5
Share-based payments	-	-	62.4	-	-	-	62.4	-	62.4
Treasury Shares						(8.3)	(8.3)		(8.3)
Minority interests in companies acquired or sold	-	-	-	-	-	-	-	-	-
At December 31, 2007	**1,280.0**	**1,409.9**	**553.4**	**(18.8)**	**5.1**	**(8.3)**	**3,221.3**	**6.0**	**3,227.3**
Foreign currency exchange discrepancies	-	-	-	(6.8)	-	-	(6.8)	0.6	(6.2)
Cash flow hedges	-	-	-	-	(0.9)	-	(0.9)	-	(0.9)
Securities available for sale assets	-	-	-	-	0.3	-	0.3	-	0.3
Income and expenses recognised directly in equity	**-**	**-**	**-**	**(6.8)**	**(0.6)**	**-**	**(7.4)**	**0.6**	**(6.8)**
Net income	-	-	293.0	-	-	-	293.0	1.0	294.0
Total recognised income and expense for the period	**-**	**-**	**293.0**	**(6.8)**	**(0.6)**	**-**	**285.6**	**1.6**	**287.2**
Share-based payments	-	-	19.8	-	-	-	19.8	-	19.8
Treasury shares	-	-	-	-	-	4.5	4.5	-	4.5
Dividends paid *(1)*	-	-	(94.4)	-	-	-	(94.4)	-	(94.4)
Minority interests in companies acquired or sold	-	-	-	-	-	-	-	19.7	19.7
At September 30, 2008	**1,280.0**	**1,409.9**	**771.8**	**(25.6)**	**4.5**	**(3.8)**	**3,436.8**	**27.3**	**3,464.1**

(1) Dividends paid on Septembre 30, 2008 corresponding to €0.37 per share

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 (together referred to here as 'the Group' or 'Rexel').

The Group's business is the distribution of low and ultra low voltage electrical products to professional customers, and serves the needs of a large variety of customers and markets in the fields of construction, industry and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown products. 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).

The present condensed consolidated interim financial statements cover the period from January 1st, 2008 to September 30, 2008. They have been authorised for issue by the Management Board on November, 3rd, 2008.

2.| SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") for the period ended September 30, 2008 have been prepared in accordance both with the International Financial Reporting Standards (IFRS) as adopted by the European Union and those approved by the IASB and applicable as of September 30, 2008. In particular, the condensed financial statements have been prepared in accordance with standard IAS 34, relating to Interim Financial Reporting. Pursuant to IAS 34, they do not include all the information required in the annual financial statements, but only selected explanatory notes, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007 in the Document de reference registered by the Autorité des Marchés Financiers on April 30, 2008 under number R.08-046.

2.2 Basis of preparation

The accounting policies used in the condensed financial statements for the period ended September 30, 2008 are identical to those used and described in the consolidated financial statements for the year ended December 31, 2007. New standards and interpretations applicable starting January 1, 2008 did not have any significant impact on the Group's financial situation or condensed financial statements for the period ended September 30, 2008.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently. The effect of changes in accounting estimates is accounted for during the period in which they are made and all subsequent periods.

2.2.1 Accounting standards and interpretations effective in 2008

IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions" gives guidance on how to account for and evaluate equity instruments granted by a parent company to a subsidiary's employees. IFRIC 11 is mandatory for consolidated financial statements covering fiscal years from March 1, 2007.

IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction" provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 *Employee Benefits*. IFRIC 14 becomes effective for financial years beginning on or after January 1, 2008.

These interpretations did not have any effect on the Group's financial statements when applied.

2.2.2 Accounting standards and interpretations approved by the European Union not yet in effect

IFRS 8 ("Operating Segments") supersedes IAS 14 ("Segment Reporting") and adopts a full management approach to identifying and measuring the result of reportable operating segments. IFRS 8 will be applicable from January 1st, 2009. The company has elected not to apply IFRS 8 by anticipation.

3.| BUSINESS COMBINATIONS AND PRO FORMA

3.1 Hagemeyer Acquisition

Following the tender offer on Hagemeyer's shares and bonds in the Netherlands, ended on March 25, 2008 and initiated in accordance with the agreement entered into on November 22, 2007 between Rexel, Kelium (the offeror and an indirect subsidiary of Rexel SA), Sonepar, and Hagemeyer, Rexel acquired control of Hagemeyer N.V, a Netherland based company operating as a worldwide distributor of electrical supplies. This offer was for all of the outstanding shares of Hagemeyer, with a par value of 1.20 euro each, at a price of €4.85 per share (with coupon) and all of the subordinated convertible bonds issued and outstanding bearing interest at a fixed rate of 3.50% and maturing in 2012. All of the required authorizations under the antitrust regulations have been obtained, subject to the divestiture of the Electrical products Distribution business of Hagemeyer in Ireland.

Following the offer period which ended on March 4, 2008 and the additional post closing acceptance period ended on March 25, 2008, Rexel, through Kelium holds, as of September 30, 2008, 584,276,092 of Hagemeyer's outstanding shares, or 99.00% of the ordinary shares of Hagemeyer and 100% of the convertible bonds issued by Hagemeyer, i.e; 133.965 bonds.

Kelium holding more than 95% of the Shares and 100% of the bonds, Kelium requested delisting of the shares and convertible bonds of Hagemeyer in accordance with Dutch law. The delisting therefore occurred on April 21, 2008. Furthermore, Rexel has initiated a takeover squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining Shares not tendered and not held by Kelium or Hagemeyer.

3.1.1 Assets disposals to Sonepar

Concurrently with the offer on Hagemeyer, Rexel entered into an agreement with Sonepar, on October 23, 2007, to transfer to Sonepar of the businesses of Hagemeyer (other than those of its ACE "Agencies/ Consumer Electronics" division) located in the United States, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China, and Southeast Asia (Malaysia, Thailand and Singapore), as well as of six branches located in Germany (the "Sonepar Entities"). Under this agreement the control of Hagemeyer's businesses was transferred to Sonepar from the completion of the offer, as managing directors of the related entities could appointed upon nomination by Sonepar. In addition, upon transfer of such businesses to Sonepar, independent members of the Management Board of Hagemeyer (Hold Separate Manager and Trustee) have been appointed to supervise these entities and in particular respect of competition rules in Hagemeyer's activities and to manage their divestiture process.

This agreement provided for a formula for calculating the prices of these disposals, based on the same sales and EBITDA (calculated on the basis of the financial statements for the 2007 financial year) multiples as those on which the price of the tender offer was based. Besides, this divestiture price was increased by (i) the aggregate arrangement fees after tax paid by Rexel for financing the acquisition of Hagemeyer's entities transferred to Sonepar and (ii) a notional interest charge at Euribor + 1% after tax applied to the equity value for such entities.

In June 2008, Rexel executed separate agreements with Sonepar to dispose to Sonepar the non-retained Hagemeyer entities. These agreements provided for limited warranties from Rexel to the extent permitted by law. These transactions were completed as at June 30, 2008. The overall selling price of the divestitures amounted to €731.5 million in aggregate. These non retained Hagemeyer entities were accounted for as "assets held for sale" on the balance sheet at the acquisition date (see note 11).

Hagemeyer retained activities have been consolidated as from March 31, 2008.

3.1.2 Other transactions with Sonepar

In addition to the disposal of the Sonepar Entities, the agreement between Rexel and Sonepar provided that Rexel was to transfer to Sonepar its assets and businesses located in Germany and that Sonepar was to transfer to Rexel its assets and businesses located in Sweden. The price of the said transfers was calculated on the basis of the same formula as the pricing for the transfers to Sonepar of certain assets of Hagemeyer. In that respect, Rexel and Sonepar completed these transactions in June 2008.

Disposal of Rexel's business in Germany

On June 20, 2008, Rexel entered into a stock purchase agreement with Sonepar for the sale of Rexel Deutschland Gmbh, the company which operated Rexel's activities in Germany prior to the Hagemeyer's transaction, for a total consideration of €177.0 million. The sale was completed on June 30, 2008 with the effective transfer of the shares to Sonepar. Capital gain on disposal of Rexel Deutschland GmbH amounted to €107.7 million before tax (see 6.1 Other income). Following the transfer of control of Rexel's business to Sonepar which was deemed at completion of Hagemeyer offer, this company has been deconsolidated as from April 1, 2008 and was presented separately on line "Assets held for sale" as of March 31, 2008. As part of this agreement, Rexel provided warranties on subsequent losses suffered by the buyer in connection with certain claims from third parties and tax claims incurred for periods up to the transaction date with certain limitations. Warranties will expire at the first anniversary of the transaction except for tax matters warranty which will expire at the earlier of three months after the final tax assessment and the statutory limitation period for the relevant tax.

Acquisition of Sonepar's business in Sweden

On June 18, 2008, Rexel entered into a stock purchase agreement with Sonepar relating to the acquisition of Moel Aktiebolag and Storel Aktiebolag, two companies operating in Sweden with net sales of €200.1 million in 2007. The total consideration paid for these acquisitions was €86.2 million plus acquisition costs of SEK3.1 million (€0.3 million). As part of this agreement, Sonepar provided warranties on subsequent losses suffered by the buyer in connection with certain claims from third parties and tax claims incurred for periods up to the transaction date with certain limitations. Warranties will expire at the first anniversary of the transaction except for tax matters warranty which will expire at the earlier of three months after the final tax assessment and the statutory limitation period for the relevant tax. These companies have been consolidated as from July 1st, 2008. As at September 30, 2008, the goodwill related to this acquisition and determined on a provisional basis, amounted to €60.5 million.

The net proceeds received from the disposal of the non-retained Hagemeyer entities for €731.5 million, and from the asset swap between Rexel's business in Germany and Sonepar's business in Sweden for a net amount of €90.5 million, together with the debt incurred by the Sonepar Entities and transferred to Sonepar (see note 11.Assets held for sale) amounted to €1.7 billion.

As of September 30, 2008, the preliminary allocation of the Hagemeyer purchase price is as follows:

Cash consideration for ordinary shares at €4,85 per share[(1)]		2,832.4
Cash consideration for convertible bonds[(2)]		266.0
Estimated acquisition costs		52.6
Total cash consideration	**(1)**	**3,151.0**
Fair value of assets disposed of to Sonepar, less costs to sell	**(2)**	**(712.9)**
Net book value of Hagemeyer net assets at March 31,2008 [(3)]		1,153.9
less book value of historical goodwill and intangible assets[(3)]		(216.7)
Conversion of convertible bonds		110.9
Minority interests		(19.8)
Book value of assets acquired excluding acquired goodwill	**(3)**	**1,028.3**
Estimation of fair value adjustments		
Distribution networks		191.2
Customer relationships		48.9
Private labels		61.2
Supplier contracts for ACE division		20.8
Properties		19.6
Investment in associates step up		5.1
Fair value adjustment of employee benefits liability		(3.4)
Deferred income taxes on the above adjustments		(92.8)
Total fair value adjustments	**(4)**	**250.6**
Fair value of identifiable assets acquired	**(3)+(4)=(5)**	**1,278.9**
Goodwill on acquisition	**(1)+(2)-(5)**	**1,159.2**

(1) including ordinary shares acquired during the year ended December 2007 at an average price of € 4,73

(2) net of interests received for the period beginning on March 31, 2007 and ended on March 31, 2008

(3) excluding net assets transferred to Sonepar

The goodwill represents synergies from the acquisition, non identifiable intangible assets such as workforce, and capability to maintain and develop existing assets.

3.1.3 Assets and liabilities acquired

Assets and liabilities acquired stated at their estimated fair value and determined at their acquisition date are as follows and represents the preliminary allocated purchase prices of Hagemeyer operations and those of Sonepar in Sweden:

(in millions of euros)	**Hagemeyer operations**	**Sweden operations of Sonepar**
Distribution networks	191.2	-
Other intangible assets	140.0	0.1
Tangible assets	141.0	4.5
Other financial assets	4.1	0.0
Other non current assets	159.5	0.3
Inventories	396.1	19.3
Trade accounts receivable	624.3	26.2
Other accounts receivable	77.3	6.5
Assets held for sale (1)	1,598.7	-
Cash and Cash Equivalents	19.6	1.9
Minority interests	(19.8)	-
Interest bearing debt	(333.6)	(5.6)
Trade accounts payable	(547.2)	(19.6)
Provisions	(110.7)	-
Other liabilities	(348.7)	(10.2)
Net assets acquired excluding acquired goodwill	**1,991.8**	**23.4**
Purchased goodwill	1,159.2	62.6
Total cash consideration	**3,151.0**	**86.0**
Cash acquired	(19.6)	(1.9)
Outstanding acquisition costs	(10.4)	-
Shares and acquisition costs paid in 2007	(49.6)	-
Net cash outflow for Hagemeyer acquisition for the period	**3,071.4**	**84.1**

(1) see note 11 - Assets held for sale

The acquisition of Hagemeyer operations and the Swedish operations of Sonepar resulted in an increase in net sales and operating income before other income and expenses of, respectively €1 885.4 million and €21.7 million.

3.1.4 Assumptions and methods used to prepare the pro forma consolidated financial information

Pro forma income statement for the period ended September 30, 2008 reflect the impact of the following operations as if they had been completed as of January 1st, 2008: (i) the purchasing of all outstanding shares and convertible bonds of Hagemeyer, (ii) the disposals and asset swap agreed upon with Sonepar and (iii) the divestment of certain of Hagemeyer's activities in Ireland pursuant to a decision of the European anti-trust authority.

The assumptions and principles used for its preparation are disclosed in the section 20.2 of the Document de reference registered by the Autorité des Marchés Financiers on April 30, 2008 under number R.08-046.

The pro forma consolidated financial information for the period ended September 30, 2008 was prepared on the basis of the Group's condensed financial statements, with the following adjustments:

- inclusion of the results of businesses acquired within the context of the Hagemeyer offer, net of the transfers of assets to Sonepar and of the transfer of the electrical supplies distribution business of Hagemeyer in Ireland; taking into account the assets swaps with Sonepar (repurchase from Sonepar of its activities in Sweden and transfer to Sonepar of Rexel's activities in Germany). All of these operations have been considered as having been carried out as of January 1, 2008, based on the entirety of the shares and convertible bonds outstanding for the Hagemeyer offer;
- inclusion of additional depreciation and amortisation of identifiable tangible and intangible assets measured at fair value within the context of the contemplated allocation of the acquisition price of the assets;
- inclusion of the theoretical interest charge, as if the acquisition occurred on January 1, 2008, using the applicable interest rates over the relevant periods and based on the terms and conditions of the New Senior Credit Agreement described in note 12.1.1.
- inclusion of the impact of these adjustments on the tax charge based on the applicable tax rate in each country.

3.1.5 Reconciliation of Rexel consolidated income statement with the pro forma consolidated income statement

The Hagemeyer transaction column in the table below reflects the impact of Hagemeyer entities excluding those that are to be transferred to Sonepar and the Electrical Distribution business of Hagemeyer in Ireland that is to be disposed of. This column also includes the effect of the disposal to Sonepar of Rexel historical operations in Germany, and the effect of the acquisition from Sonepar of its Swedish activities.

Other Adjustments include the effect of amortisation of intangible assets recognized through the purchase price allocation, as well as the theoretical interest charge, after tax related to the funding of the acquisition.

(in millions of euros)	For the period ended September 30			
	Rexel (as reported)	**Hagemeyer transaction**	**Other Operations related restatements**	**Pro forma**
Sales	**9,438.0**	**871.5**	**-**	**10,309.5**
Cost of sales	(7,150.8)	(671.7)	-	(7,822.5)
Gross profit	**2,287.2**	**199.8**	**-**	**2,487.0**
Distribution and administrative expenses	(1,777.3)	(188.6)	(3.0)	(1,968.9)
Operating income before other income and expense	**509.9**	**11.2**	**(3.0)**	**518.1**
Other income	119.3	-	-	119.3
Other expenses	(93.2)	(13.7)	-	(106.9)
Operating income	**536.0**	**(2.5)**	**(3.0)**	**530.5**
Share in results of associated companies	-	-	-	-
Net financial expenses	(140.9)	(0.3)	(11.1)	(152.3)
Net income before income tax	**395.1**	**(2.8)**	**(14.1)**	**378.2**
Income tax	(101.1)	8.3	(2.6)	(95.4)
Net income	**294.0**	**5.5**	**(16.7)**	**282.8**

3.2 Other acquisitions

For the period ended September 30, 2008, Rexel completed the following acquisitions, which are not deemed to be material on the financial situation of the company. As a result, neither sales nor profit and loss have been provided for the combined entity, had these acquisitions been effective on January 1, 2008.

On January 31, 2008, General Supply & Services Inc., an indirect subsidiary of Rexel, acquired Beacon Electric Supply, a distributor of electrical equipment based in San Diego with net sales of €32.5 million in 2007. This company has been consolidated as from this date. The acquisition price for the shares amounts to US$23.1 million (€15.1 million), including an earn-out payment of US$3.0 million (€2.0 million) due in 2009, and acquisition costs for US$0.4 million (€0.3 million). On September 30, 2008 goodwill on acquisition determined on a provisional basis amounted to €11.6 million.

For the period ended September 30, 2008, Rexel acquired the following entities: ABK Electrical Wholesale Pty.Ltd in Australia , Egley Electrical Co Ltd in New Zealand, Espace Elec SAS, NFM SA and CRC SAS in France, Electronishe Groothandel J.K Busbroek B.V in the Netherlands for a total amount of €27.0 million. Goodwill on these acquisitions determined on a provisional basis as of September 30, 2008 amounted to €18.2 million.

4.| SEGMENT REPORTING

The Group operates in the business of the distribution of electrical products, which represents its only business segment. Segment information is therefore presented in respect to the Group's geographical segments, which are the primary basis of segment reporting. The geographical segments presented under IFRS have been determined by reference to the criteria defined by IAS 14.

The Group has determined the geographical segments to be the continents where the Group operates. Operations in each continent present similar business model characteristics. Economic and market conditions in the sector are usually comparable on a continent level. The segment "Other operations" includes the ACE division, operations in Latin America and holding companies as well as eliminations of intercompany sales.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segment information for the periods ended September 30, 2008 and September 30, 2007

(in millions of euros)	Europe		North America		Asia Pacific		Other operations		Consolidated	
	2008	2007 As reported	2008	2007 As reported	2008	2007 As reported	2008	2007 As reported	2008	2007 As reported
Sales………………………………	5,212.1	3,703.6	3,262.2	3,653.0	686.3	581.0	277.4	44.2	9,438.0	7,981.8
Operating income before other income & expenses…	295.1	271.7	164.2	183.3	48.6	37.7	2.0	(2.2)	509.9	490.5

5.| DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended September 30 2008	2007
Personnel costs (salaries & benefits)	1,027.2	891.3
Building and occupancy costs	201.6	156.9
Other external costs	447.1	348.5
Depreciation expense	74.5	52.9
Bad debt expense	26.9	21.3
Total distribution and administrative expenses	**1,777.3**	**1,470.9**

6.| OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended September 30 2008	2007
Capital gains	119.2	3.0
Other operating income	-	1.4
Release of unused provisions	0.1	1.6
Total other income	**119.3**	**6.0**
Restructuring costs	(36.5)	(7.5)
Loss on non-current assets disposed of	(0.9)	(0.2)
Costs related to transactions following the IPO	(18.6)	(43.2)
Goodwill impairment	(35.4)	(4.0)
Other operating expenses	(1.8)	(1.8)
Total other expenses	**(93.2)**	**(56.7)**

6.1 Other income

Capital gains

For the period ended September 30, 2008, capital gains include a €107.7 million gain related to the disposal of Rexel historical business in Germany to Sonepar (as described in note 3.1). The selling price net of costs was €177.0 million.

In addition, Rexel entered into a sale and leaseback agreement with Gecina Group, a real estate investor, relating to seven logistics platforms which resulted in a capital gain of €10.1 million. The selling price amounted to €62.9 million net of selling costs.

For the period ended September 30, 2007, capital gains were mainly composed of gain on disposals of commercial buildings in France.

Other operating income

For the period ended September 30, 2008, other operating income was nil and included a curtailment gain for €1.3 million on pension scheme following Kontakt Systeme business disposals for the same period of 2007.

6.2 Other expenses

Restructuring costs

For the period ended September 30, 2008, this line-item includes mainly restructuring and integration costs following Hagemeyer and Gexpro acquisitions. These costs are detailed by geographical area as follows:

- North America :

Restructuring costs in North America amounted to €13.5 million of which €12.7 million in the United-States and €0.8 million in Canada. In the United States, restructuring programmes (for €9.4 million) aim at reducing the number of regional divisions of both banners (Gexpro and Rexel.Inc.), streamlining the branches network and mutualising logistics between the two banners in the North East. In addition, integration costs of Gexpro (re-branding and implementation of synergies) were expensed for €3.3 million.

- Europe :

Restructuring costs in Europe amounted to €22.1 million and mainly related to (i) the closure of Hagemeyer Headquarters in the Netherlands for €11.0 million, (ii) integration costs of Hagemeyer incurred by Corporate for €2.0 million, (iii) the United-Kingdom for €2.5 million (integration costs of Hagemeyer and branch closures), (iv) Spain for €3.2 million (closure of Rexel historical Headquarters and redundancies), (v) France for €1.3 million (logistic restructuring in the North East division), and (vi) the Netherlands for €1.1 million (integration costs of Hagemeyer).

- Asia-Pacific :

Restructuring costs in Asia Pacific amounted to €0.9 million and related to Australia for €0.5 million (branch closures) and New Zealand for €0.4 million (termination of data and video system business).

For the period ended September 30, 2007, restructuring costs amounted to €7.5 million and mainly related to reorganization plans in Germany for €1.8 million and in the United States for €2.1 million; Gexpro separation costs for €2.8 million; and costs related to the closure of Kontakt System business for €0.8 million.

Costs related to transactions following the IPO

For the period ended September 30, 2008, the impact of the costs related to transactions following IPO concerns the free shares scheme implemented at the time of the IPO for €18.6 million. This non cash expense has been determined according to provisions IFRS 2 ("Share-based payments").

For the period ended September 30, 2007, impact of the employee offering and the free shares scheme was €7.8 million and €35.4 million respectively.

Goodwill impairment

As a result of economic and market downturn existing at the interim balance sheet date, Rexel recorded a goodwill impairment of €35.4 million in the third quarter of 2008 of which €17.8 million relating to Italy and €17.6 million to Czech Republic, both reported under the segment "Europe".

For the period ended September 30, 2007, goodwill impairment amounted to €4.0 million and concerned the investment in the company Kontakt Systeme in Switzerland and resulted from the disposal of the connectic and telematic businesses.

Other operating expenses

For the period ended September 30, 2008, other costs related to write off of fixed assets in the United States and in Belgium for € 0.6 million and other costs for €0.9 million.

For the period ended September 30, 2007, other costs consisted primarily of a £1 million (€1.5 million) charge related to the resolution of a litigation in the United Kingdom.

7.| FINANCIAL EXPENSES (NET)

	For the period ended September 30	
(in millions of euros)	**2008**	**2007**
Expected return on empoyee benefit plan assets …………………	31.0	16.0
Interest income on cash and cash equivalents ……………………	3.6	3.7
Interest income on receivables and loans …………………………	2.4	2.3
Gain on financial instruments held for trading ……………………	8.7	10.4
Other financial income………………………………………………..	12.3	0.2
Financial income …………………………………………………	**58.0**	**32.6**
Interest expense on financial debt (stated at amortised costs) : …	(165.1)	(144.0)
- Shareholders' loan……………………………………………..	*-*	*(13.0)*
- Senior debt………………………………………………………………	*(119.2)*	*(62.4)*
- Senior Subordinated Notes and indexed Bonds ……………………	*(0.7)*	*(18.3)*
- Securitisation ……………………………………………………………	*(34.7)*	*(39.6)*
- Other financing …………………………………………………...	*(10.9)*	*(2.7)*
- Finance leases ……………………………………………………………	*(3.0)*	*(3.7)*
- Amortisation of transaction costs ……………………………………	*(24.9)*	*(4.3)*
- less arrangement fees and interests recharged to Sonepar (1)……	*28.3*	*-*
Reclassifying income gains and losses on the preceding derivative instruments deferred in equity…………………………	5.3	7.5
Gain (loss) on hedging (foreign exchange rate)……………. …….	(1.6)	0.2
Amounts reclassified from equity to profit and loss……………. …	-	0.1
Foreign exchange gain (loss) on financial liabilities (2)……………	8.6	(5.7)
Interest expense on borrowings ………………………………	**(152.8)**	**(141.9)**
Write-down of transaction costs (3)………………………………	(11.0)	(76.4)
Premium for early redemption of the Senior Subordinated Notes (4)……………………..………………………………..	**-**	(89.6)
Refinancing costs …………………………………………………	**(11.0)**	**(166.0)**
Interest cost of employee benefit obligation and other long-term liabilities (discounting effect) ……..…...…………………	(33.9)	(16.1)
Change in fair value of commodity derivatives ……………………	**-**	(0.4)
Financial expenses (other) ……………………...…………………	(1.2)	(1.2)
Other financial expenses ………………………………………	**(35.1)**	**(17.7)**
Financial expenses (net)	**(140.9)**	**(293.0)**

(1)Fees and interests for respectively €18.3 and €10.0 million before tax (€18.6 million net of tax)incurred by Rexel for the acquisition of Hagemeyer according to the October 23, 2007 Agreement (see note 3.1.1)

(2) Including a €7.8 million non recurrent exchange gain arising from the settlement of loans granted to the Sonepar entities.

(3) In 2008, write-down of transaction costs related to the 2007 Senior Credit Agreement. In 2007, write down of transaction costs related to 2005 Senior Credit Agreement and Senior Subordinated Notes in connection with the IPO.

(4) Early redemption premium of the Subordinated Notes in connection with the Group refinancing at the time of the IPO.

8.| INCOME TAX

Income tax expense for an intermediate period is calculated based on the expected year-end tax rate, i.e by applying the average estimated tax rate for the year to the intermediate income before taxes. When different tax rate applied for capital gains, then a separate rate is applied to these capital gains in the relevant period. The effective tax rate for the period ended September 30, 2008 is 25.6%, compared with 40.8% on September 30, 2007.

For the period ended September 30, 2008, income tax expense includes the effect of the non taxable gain related to the disposal to Sonepar of Rexel business in Germany (as described in note 3) for €107.7 million and the effect of non deductible Goodwill impairment for €35.4 million resulting in an effective tax rate of 25.6%. Excluding these non recurring transactions, the effective tax rate would have been 30.8%.

For the period ended September 30, 2007, the effective tax rate was affected by the non-deductible costs related to the free shares scheme, recognised during the fiscal year 2007.

9.| EARNINGS PER SHARE

Information on the earnings and number of ordinary shares included in the calculation is presented below:

	For the period ended September 30	
	2008	**2007**
Net income attributed to ordinary shareholders (*in millions of euros*)..	293.0	86.9
Weighted average number of ordinary shares (*in thousands*)………..	255,307	209,533
Basic earnings per share (*in euros*) …………………………………	**1.15**	**0.41**
Net income attributed to ordinary shareholders (*in millions of euros*)..	293.0	86.9
Average number of balanced shares in circulation (*in thousands*) ……..[1]	255,307	209,533
Potential dilutive ordinary shares (*in thousands*)……………………….	*5,213*	2,206
- out of which are share options (in thousands) ……………………..	*980*	*1,437*
- out of which are free shares (in thousands) ………………………. [2]	*4,233*	*769*
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share (*in millions*)……………	260,520	211,740
Fully diluted earnings per share (*in euros*) ……………………………	**1.12**	**0.41**

(1) After split in two of the value following the decision at the General meeting of April 4, 2007

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

10.| SHARE BASED PAYMENTS

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), so called “2+2 Plan”, or four years after the granting date with no restrictions subsequently, so called “4+0 Plan”. The issuance of these free shares is subject to the service and performance conditions of the schemes.

Vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Date of delivery		Maximum number of shares attributed on June 23, 2008	
		2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan
Members of Group Executive Committee	Two years service condition from grant date and performance conditions based on: (i) 2008 EBITDA, (ii) 2007/2009 EBITDA margin increase and (iii) 2009 ratio Net Debt to EBITDA.	24-Jun-10	24-Jun-12	241,211	217,920
Other key managers	Two years service condition from grant date and performance conditions based on: (i) 2008 EBITDA and (ii) 2007/2009 EBITDA margin increase	24-Jun-10	24-Jun-12	280,698	801,891
Total				**521,909**	**1,019,811**

The fair value of Rexel's shares granted to employees is estimated to €7.88 per share, based upon the stock price at 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.

For the period ended September 30, 2008, the related expense for these 2008 plans amounted to €1.2 million and is accounted for on line "distribution and administrative expenses".

In addition, for the period ended September 30, 2008, IFRS 2 expense relating to plans issued in 2007 concurrently with the IPO and qualified as equity settled transactions, amounted to €18.6 million and is accounted for on the line "Other charges" (see note 6.2) in consideration of the non-recurring nature of the IPO. No tax effect has been recorded for this expense since these plans do not qualify for a tax deduction under French regulation and the Company did not formally elect for the buy back of its own shares on the stock market to be remitted to the beneficiaries.

11.| ASSETS HELD FOR SALE

Following the acquisition of Hagemeyer, assets related to the non retained Hagemeyer entities and certain non core assets were classified as "assets held for sale" at the acquisition date.

Assets disposal to Sonepar

On June 30, 2008, Rexel completed transactions with Sonepar to dispose the non retained Hagemeyer entities. The overall selling price of the divestitures amounted to €731.5 million in aggregate, including arrangement fees and a notional interest charge for €18.6 million recorded as a reduction of financial expenses. This selling price was comprised of €55.8 million related to the divestiture of six branches in Germany as part of an asset deal entered into with Sonepar in June 2008. Pursuant to the asset purchase agreement, the selling price of these assets included a €1.0 million adjustment based on the final working capital transferred to Sonepar. Concurrently with these disposals, loans granted to the Sonepar Entities by Hagemeyer were redeemed when closing these transactions in an amount of €852.6 million.

At the acquisition date, assets of the non retained Hagemeyer entities, including shares stated at fair value for €731.5 million, the interim net result of the six Geman branches for €1.6 million and loans granted to Sonepar entities for € 852.6 million were classified as "assets held for sale".

In addition, the following assets were classified as assets held for sale at the acquisition date of Hagemeyer due to their expected divestment:

Hagemeyer Electrical supplies Business in Ireland

On July 18, 2008 Rexel executed the sale of Hagemeyer's electrical distribution business in Ireland to EWL Electric Limited for an amount of €2.1 million net of selling costs. These assets included a financial loan which have been stated at fair value on the balance sheet at the acquisition date of Hagemeyer.

Investments in Bally Hong Kong

On July 23, 2008, Rexel entered into an agreement to dispose its 25% investment in Bally Hong Kong Ltd to Bally International Ltd, an entity operating within the ACE division of the Hagemeyer and specialized in the wholesale of Bally's product in Asia, for an amount of CHF 11.9 million (€7.4 million). In addition, Rexel received a dividend for an amount of HK$19.0 million (€1.5 million) at completion of the transaction.

As of April 1st , 2008, all these above acquired assets and certain vehicles held under finance lease (for €2.0 million) were classified as held for sale for a total amount of €1 598.7 million (see note 3.1.4).

Disposal of Rexel's business in Germany

Following the transfer of control of Rexel's business to Sonepar which was deemed at completion of Hagemeyer offer, Rexel Deutshland Gmbh has been deconsolidated as from April 1, 2008 and was presented separately on line "Assets held for sale" as of March 31, 2008 for a carrying amount of €71.3 million. Rexel executed the sale of this company to Sonepar on June 30, 2008, for a total consideration of €177.0 million.

12.| FINANCIAL LIABILITIES

This note provides information about financial liabilities as of September 30, 2008. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

12.1 Net financial debt

(in millions of euros)	As of September 30,2008			As of December 31,2007		
	Current	Non-current	Total	Current	Non-current	Total
Senior Subordinated Notes and indexed bonds	-	-	-	54.8	-	54.8
Senior credit facility	-	2,695.4	2,695.4	-	960.6	960.6
Securitisation	-	974.8	974.8	-	1,012.1	1,012.1
Bank loans	7.5	4.2	11.7	5.9	5.0	10.9
Bank overdrafts and other credit facilities [(1)]	222.4	-	222.4	45.1	-	45.1
Finance lease obligations	14.9	27.9	42.8	16.9	37.5	54.4
Less transaction costs	-	(46.2)	(46.2)	-	(16.1)	(16.1)
Carrying amount of liability	***244.8***	***3,656.1***	***3,900.9***	***122.7***	***1,999.1***	***2,121.8***
Total financial debt and accrued interest			**3,900.9**			**2,121.8**
Cash and cash equivalents [(2)]			(687.7)			(515.2)
Net financial debt			**3,213.2**			**1,606.6**

[(1)] Including accrued interest of €7,3 million as of September 30, 2008 (€4,5 million as of December 31, 2007)

[(2)] including treasury investment funds, as required by the Group's policy which requires funds to be highly liquid, easily convertible to a known amount of cash and subject to a negligible risk of loss.

12.1.1 New Senior Credit Agreement

Within the context of the tender offer initiated in The Netherlands by Kelium (an indirect subsidiary of Rexel) on December 24, 2007 relating to 100% of the securities of Hagemeyer, Rexel, as borrower and guarantor, and Kelium, as borrower, entered into a €5.4 billion credit agreement on December 19, 2007 with Calyon, Crédit Industriel et Commercial (CIC), HSBC France, HSBC Bank plc, ING Bank NV, Natixis and The Royal Bank of Scotland Plc, as Mandated Lead Arrangers and Original Lenders, and Calyon, as Agent. The New Senior Credit Agreement was entered into to finance Hagemeyer acquisition, refinance the entirety of the Group's debt under the 2007 Senior Credit Agreement entered into on February 15, 2007, refinance the Hagemeyer group's debt and finance the general operating requirements of Group companies. The New Senior Credit Agreement includes:

- Facility A, which is a multi-currency partly redeemable credit facility with a five-year term as from the execution date of the New Senior Credit Agreement (ie as from December 19, 2007), in an amount of €3.1 billion which is intended to refinance Rexel's existing debt (in principal, interest and premiums) under the 2007 Senior Credit Agreement, finance the acquisition of the Hagemeyer securities, ensure the refinancing of Hagemeyer's debt and that of its subsidiaries and pay the expenses and charges relating to Offer. This facility may be subject to further draw-downs in order to finance the repurchase of the outstanding Hagemeyer securities as at the publication date of this condensed financial statement. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been repaid for an amount of €783.0 (571.0 million on June 19, 2008 and €212.0 million on July 1st, 2008). In August 2008, this facility was reduced by €60 million, following the implementation of Facility A', which have the same characteristics as Facility A. This Facility A' will be repaid by priority over Facility A.

- Facility B, which is a multi-currency revolving credit facility ("Revolver") with a five-year term as from the execution date of the New Senior Credit Agreement, in an originial maximum amount of €600 million which is intended to partially refinance Rexel's existing debt (in principal, interest and premiums) under the 2007 Senior Credit Agreement, finance the general operating requirements of Group companies, in particular working capital requirements, and finance certain acquisitions that meet the criteria set forth in the New Senior Credit Agreement. In August 2008, the maximum amount of Facility B, which was originally of €600 million was reduced by €15 million to €585 million.
- Facility C, which is a multi-currency credit facility with a six-month term as from the settlement and delivery date of the Offer, i.e., will mature on September 14, 2008 (with may be extended for an additional six-month term, i.e. at the latest on March 14, 2009) in a maximum amount at inception of €1.2 billion reduced to €737 million. Facility C is reserved for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating to the acquisition. Facility C was fully repaid in June 2008 with the proceeds from the sale of asset sales to Sonepar;
- Facility D, which is a multi-currency credit facility with a two-year term as from the settlement and delivery date of the Offer and will mature on March 14, 2010, in a maximum amount of €500 million. Facility D is reserved for the financing of the acquisition of Hagemeyer securities and paying the expenses and charges relating to the acquisition. Facility D must be repaid, in particular, with the proceeds of new securitization programs to be set up by the Group. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been partly repaid for an amount of €130 million (€92.0 million on June 19, 2008 and €38.0 on July 1st , 2008).

Under this agreement, Kelium and certain of its subsidiaries, Rexel Distribution, Rexel Inc, Rexel North America, International Electrical Supply Corp. and General Supply & Services are considerate as obligors.

As of September, 30 2008, facilities under the New Senior Credit Agreement are as follows:

Credit Facility (Term Loan)	**Commitment** *(in millions of euros)*	**Borrower**	**Balance due as of September 30, 2008** *(in millions of local currency)*	**Currency**	**Balance due as of September 30, 2008** *(in millions of euros)*
		Rexel Distribution	1,000.0	SEK	102.1
		Rexel Distribution	180.0	CHF	114.1
Facility A (1)	2,271.5	IESC	772.0	USD	539.7
		Rexel North America Inc	320.0	CAD	213.9
		Kelium SAS and Rexel Distribution	1,301.7	EUR	1,301.7
Facility A'	60.0	Kelium SAS	60.0	EUR	60.0
Facility B (2)	585.0	Kelium SAS and other obligors	-	EUR	-
Facility C (1)	-	Kelium SAS	-	EUR	-
Facility D (1)	370.0	Kelium SAS	363.9	EUR	363.9
TOTAL	**3,286.5**				**2,695.4**

(1) Original commitment of €3,100 million for Facility A, €1,2 billion reduced to €737 million for Facility C and €500 million for Facility D reduced or cancelled after repayment made in June and July 2008 following the disposal of the "Sonepar Entities"

(2) original commitment of €600 million reduced to €585 million following the amendment on the SCA in August 2008

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the LIBOR rate when funds are made available in currencies other than the euro, or the EURIBOR rate when funds are made available in euro, plus (ii) the cost relating to lending banks' reserve requirements and fee payments and (iii) the applicable margin.

The applicable margin is equal to 1.75% in relation to facilities A, A' and B.
Facility B, as a revolver facility, is not currently drawn. It therefore bears a commitment margin equals to 35% of the applicable margin.

From December 31, 2008 it will vary 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:

Pro Forma Leverage Ratio	Margin
Greater than 4,50:1	2.00%
Greater than or equal to 4,00:1	1.75%
Greater than or equal to 3,50:1	1.40%
Greater than or equal to 3,00:1	1.10%
Greater than or equal à 2,50:1	0.90%
Less than 2,50:1	0.75%

The applicable margin for facility C was equal to 0.80% until May 1st, 2008 (1.20% thereafter) and 1.00% until March 14, 2009 (2.00% thereafter) for facility D.

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to the adjusted consolidated net debt relative to the 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 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 the 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 grant of share subscription options;
- Excludes restructuring costs relating to the integration of Hagemeyer; and
- Is adjusted to reflect 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 transaction costs, intra-group loans and amounts payable under Facility C;
- 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 but excluding interest accrued on intra-group loans;
- minus cash and cash equivalents.

Commitment

Under the terms of the New Senior Credit Agreement, Rexel must, at each of the dates indicated below, maintain, at the end of each rolling twelve-month period indicated below, a Pro Forma Leverage Ratio below the following levels:

Date	Pro Forma Leverage Ratio
December 31, 2008	4.75:1
June 30, 2009	4.75:1
December 31, 2009	4.50:1
June 30, 2010	4.25:1
December 31, 2010	3.90:1
June 30, 2011 and after	3.50:1

The New Senior Credit Agreement contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to the New Senior Credit Agreement, as well as certain subsidiaries, to pledge their assets, carry out mergers or restructuring programs, borrow or lend money, provide guarantees or make certain investments, as well as provisions concerning acquisitions by Group companies.

The New Senior Credit Agreement allows partial or total acceleration of repayment upon the occurrence of certain events, including in the case of a payment default under the New Senior Credit Agreement, failure to comply with the Indebtedness Ratio set forth above, payment defaults or acceleration of other financial debt of certain Group entities (above specified amounts), or other events that are likely to have a material adverse effect on the payment obligations of the borrowers and the guarantors or on their ability to comply with the Pro Forma Leverage Ratio as set forth above.

If Rexel loses indirect control over Hagemeyer, or if Kelium loses direct control over Hagemeyer (control being defined, in such cases, as the holding of more than 50% of the share capital (*geplaatst kapitaal*) of Hagemeyer), a change of control would be considered as having occurred for the purposes of the New Senior Credit Agreement and, as a result, any lender would be entitled to require early payment of its share in the credit agreement.

A pledge over the Kelium shares, on the one hand, and a pledge over the Hagemeyer shares and convertible bonds that Kelium hold after the offer, on the other hand, has been granted by Rexel Distribution and Kelium respectively, under the New Senior Credit Agreement. Rexel and Rexel Distribution guarantee, on a joint basis, all of the obligations of their respective subsidiaries. In addition, certain U.S. and Canadian entities, in addition to Hagemeyer, guarantee the obligations of Rexel in accordance with applicable laws.

12.1.2 Securitisation programmes

Securitisation programme features are summarised in the table below:

	(in millions of currency)			*(in millions of euros)*				
Programme	**Currency**	**Commitment**	**Amount drawn on September 30, 2008**	**Amount of receivables pledged on September 30, 2008**	**Outstanding amount on September 30, 2008**	**Outstanding amount on December 31, 2007**	**Maturity date**	**Rate**
Europe - Australia	EUR	600.0	562.5	705.1	554.6	596.0	20/11/2012	BT & Euro Commercial paper+0,48%
United-States	USD	470.0	470.0	497.8	328.6	319.2	11/03/2012	US commercial paper+0,33%
Canada	CAD	140.0	137.0	156.8	91.6	96.9	13/12/2012	Canadian commercial paper+0,45%
TOTAL				**1,359.7**	**974.8**	**1,012.1**		

These programmes are subject to certain covenants concerning the quality of the 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 September 30, 2008 Rexel had satisfied all of these covenants.

12.1.3 Repayment of the €45.7 million indexed bond on May 11, 2008

In 1998, Rexel Distribution entered into a €45.7 million (initially FRF300 million) bond issuance comprising 300.000 zero-coupon bonds with a nominal value of €152.45, redeemable on May 11, 2008. In order to protect against fluctuation of the market value of the bond and ensure full redemption of the principal of the bond issue, Rexel Distribution entered into a swap offering this protection in exchange for the quarterly payment of interest corresponding to three-month EURIBOR minus 0.08%. On May 11, 2008, Rexel Distribution redeemed this bond issue at €183.8354 per bond, i.e., a total amount of €55.75 million. Under the swap implemented, Rexel Distribution received an amount of €9.5 million corresponding to the difference between the last interest payment at the rate of three-month EURIBOR minus 0.08% and the fair value of the swap. Therefore, the net amount paid by Rexel under the redemption of the bond issue amounted to €45.7 million, corresponding to the nominal value of the bond issuance.

12.2 Repayment schedule

The repayment schedule of financial debt is as follows:

(in millions of euros)

Due within	As of September 30, 2008	As of December 31, 2007
One year…………………………………………..………	231.8	119.2
Two years………………………………………………..….	533.1	4.8
Three years……………………………………….……..	267.0	6.7
Four years…………………………..…………………….	596.0	0.3
Five years……………………...………………………..	2,263.2	1,983.1
Thereafter……………………..…………………………	9.8	7.7
Total …………………………………………………	**3,900.9**	**2,121.8**

12.3 Change in net financial liabilities

As of September 30, 2008 and September 30, 2007, change in net financial liabilities is as follows:

(in millions of euros)		2008	2007
At December 31, ……………………………………………………………		**1,606.6**	**3,901.0**
Net change in shareholders' loan……………………………………..		***-***	***(1,039.9)***
Early repayment of Senior Subordinated Notes…………………………		-	(600.0)
Reimbursement of Senior Credit Agreement 2005………………………		-	(1,602.0)
Subscription of Credit Agreement 2007…………………………………		-	1,008.3
Reimbursement of Senior Credit Agreement 2007………………………	(1)	(933.0)	-
Re-financing of Hagemeyer pre-acquisition debt………………………	(1)	(260.0)	-
Subscription of Credit Agreement 2008…………………………………	(1)	4,310.3	-
Reimbursement of Senior Credit Agreement 2008………………………	(2)	(1,650.0)	-
Transaction costs of Credit Agreement 2008……………………………	(3)	(65.8)	-
Repayment of the 1998 Indexed bond……………………………………		(45.7)	
Net change in other credit facilities and bank overdrafts………………		115.1	1.5
Net change in credit facilities……………………………………………		**1,470.9**	**(1,192.2)**
Net change in securitisation…………………………………………..….		25.8	30.8
Payment of finance lease liabilities………………………………..……	(4)	(51.9)	(21.6)
Net change in financial liabilities…………………………………………		***1,444.8***	***(1,183.0)***
Change in cash and cash equivalents ……………………..……..…….		(169.3)	(18.2)
Foreign currency exchange discrepencies …………………………….		(4.7)	(52.7)
Change in consolidation scope……………………………………..………	(5)	315.9	5.3
Amortisation of transaction costs……………………………...……….		35.9	80.7
Other changes………………………………………………………………		(16.0)	(5.7)
At September 30, ………………………………………...……………		**3,213.2**	**1,687.5**

[(1)] *Refinancing of the 2007 Senior Credit Agreement and pre-acquisition debt of Hagemeyer*

As of March 14, 2008, following the acquisition of Hagemeyer, the remaining amount due under Facility A of the 2007 Senior Credit Agreement, was entirely redeemed in advance for an amount of €933.0 million. At the same time, the multicurrency line of credit of the Hagemeyer Group, amounted to €281.1 million as of March 14, 2008, was entirely repaid and refinanced by an advance of treasury for an amount of €260 million.

These Credit Agreements were refinanced by drawings under the New Senior Credit Agreement for an amount of €4,312.0 million (€4,310.3 million converted at average rates as at September 30, 2008 originally composed of a multicurrency credit facility A for an amount of €3,079.4 million, and two others credit facilities, C and D, for respectively €737 million and €493.9 million).

[(2)] *Reimbursement of facilities under the New Senior Credit Agreement*

Following the sale to Sonepar of non-retained Hagemeyer entities (as described in note 3.1), Rexel repaid €1,650 million of the New Senior Credit Agreement, including the paying off of the Facility C for €737.0 million and partial reimbursement of Facility A and D for respectively €783 million and €130 million.

[(3)] *Transaction costs*

Transaction costs related to the New Senior Credit Agreement are presented in net change in credit facilities for an amount of €65.8 million.

[(4)] *Payment of finance lease liabilities*

Change in finance lease liabilities mainly includes repayment for an amount of €26.9 million of finance lease debt related to the disposal of seven lease contracts in France (see note 6.1).

[(5)] *Change in consolidation scope*

Change in consolidation scope includes the take-over of Hagemeyer indebtedness and Sonepar indebtedness in Sweden at acquisition date for an amount of €339.2 million less Germany debt for €6.0 million following the disposal of Rexel historical business in Germany (see note 3).

In the first nine months of 2007, net change in credit facilities included the reimbursement of the Senior Subordinated notes of €600.0 million, the refinancing of the 2005 Senior Credit Agreement for an amount of €1.6 billion and the drawdown of a facility under the 2007 Senior Credit Agreement for an amount of €1.3 billion.

13.| MARKET RISKS AND FINANCIAL INSTRUMENTS

13.1 Interest rate hedging

In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining around two-thirds of the net financial debt at fixed or capped interest rates and one-third at variable interest rates. In accordance with this policy, the Group has entered into euro-, US dollar-, Canadian dollar-, Australian dollar- and Swedish Krona- denominated interest–rate swap contracts, exchanging floating rates for fixed rates. It has also entered into US dollar, Euros, Pound Sterling, and Canadian dollar- denominated caps and collars contracts. These derivatives mature between December 2008 and December 2011. It is the Group’s intention to renew any of these swaps in order to hedge the variability of future interest expense related to its floating interest debt according to its policy. The allocation of hedging instruments among currencies hinges upon the Group’s expectations concerning the evolution of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

Cash flow hedge derivatives

As of September 30, 2008, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency *(in millions of currency)*	**Maturity**	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value** *(in millions of euros)*
Swaps paying fixed rate					
Euro	303.0	March 2010	1M Euribor	3.15%	5.5
US $	130.0	December 2008	3M Libor	4.95%	(0.4)
	185.0	September 2009	3M Libor	5.25%	(2.7)
	269.0	March 2010	3M Libor	4.64%	(4.1)
	300.0	September 2011	3M Libor	3.28%	1.6
	130.0	December 2011	3M Libor	3.77%	(0.2)
Canadian $	112.0	March 2009	3M Libor	3.83%	(0.2)
	80.0	March 2010	3M Libor	4.02%	(0.7)
Swedish Krona	430.0	March 2010	3M Stibor	3.36%	0.8
Australian $	41.5	March 2010	3M Libor	6.10%	0.1
Total					**(0.3)**

	Total notional amount currency *(in millions of currency)*	**Maturity**	**Premium paid** *(in millions of euros)*	**Floating rate received**	**Weighted average fixed rate paid**	**Fair value** *(in millions of euros)*
Caps						
Dollar US …………………………	50.0	March 2009	0.3	3M Libor	5.00%	-
Dollar US …………………………	115.0	September 2009	0.5	3M Libor	5.50%	-
Collars						
Euro……………………………	900.0	March 2011	0.8	3M Euribor	2,65%-4,50%	7.3
Pound Sterling…………………	66.0	March 2011	0.2	3M Libor	3,75%-5,75%	0.2
Canadian $...............................	126.0	March 2011	0.1	3M C-Dor	2,75%-5,00%	(0.4)
Total			**1.1**			**7.1**

Following the acquisition of Hagemeyer and in accordance with its interest rate hedging strategy, the Group entered into collars contracts in Euros, Pound Sterling and Canadian dollars. At the subscription date, Rexel paid a premium for an amount of €1.1 million.

On September 30, 2008, the total notional amount of cash flow hedge swaps and cash flow hedge options were €1,207.6 million and €1,183.1 million, respectively.

The change in fair value of the cash flow hedge instruments for the period ended September 30, 2008 was recognised as a reduction in shareholders' equity for an amount of €2.3 million (before tax).

Sensitivity to interest rate variation

As of September 30, 2008 an instantaneous rise of 1% in short-term interest rates on variable net debt would lead to an increase in interest expense estimated to €13 million on a yearly basis.

13.2 Hedging of fluctuations in foreign currency

Exchange exposure arises principally from external financing in currency other than the euro and in financing of/by Group entities of/by the Parent company in their local currency. In order to neutralise the exposure to the exchange rate risk, the positions in currencies other than the euro are systematically hedged with term contracts with duration generally between one and three months. The hedge contracts are renewed as necessary while exposure remains.

Fair value

The notional amount and the fair value of financial instruments hedging foreign exchange risk as of September 30, 2008 were respectively €474.6 million (€536.7 million forward sales and €62.1 million forward purchases) and €3.9 million. Change in fair value is accounting for in net financial expenses in order to neutralize exchange rate gain (loss) related to hedging transactions.

Financial debt per currency of repayment

The amount of the financial debt per currency of repayment is analysed as follows:

(in millions of euros)	**Euro**	**US dollars**	**Canadian dollars**	**Australian dollars**	**Pound sterling**	**Swedish kronor**	**Other currency**	**Total**
Financial liabilities ……………	2,326.3	872.3	303.2	73.0	75.0	108.0	143.1	3,900.9
Cash and cash equivalents….	(487.9)	(84.1)	(4.9)	(26.9)	(23.5)	(6.9)	(53.5)	(687.7)
Net financial position before hedging	**1,838.4**	**788.2**	**298.3**	**46.1**	**51.5**	**101.1**	**89.6**	**3,213.2**
Impact of hedge………………	(534.8)	35.1	(24.7)	86.8	44.1	85.8	307.7	-
Net financial position after hedging	**1,303.6**	**823.3**	**273.6**	**132.9**	**95.6**	**186.9**	**397.3**	**3,213.2**
Impact of a 5% increase of exchange rate	-	41.2	13.7	6.6	4.8	9.3	19.9	**95.5**

14.| LITIGATION AND CONTINGENCIES

14.1 Litigation

For the period ended September 30, 2008, the Group considers that the risk it will have to bear significant amounts as a result of non recurrent events or litigation is limited and that these proceedings will not have a material adverse effect on its financial situation or results. As of September 30, 20008, there was no significant evolution relating to mentioned litigation in consolidated financial statement as of December 31, 2007. The Group believes it has sound legal grounds to defeat this claim but cannot give assurance that its defense will ultimately prevail.

Litigations related to Hagemeyer's activities that Rexel has inherited are described below. The agreement between Rexel and Sonepar signed on October 23, 2007 provides certain arrangements regarding the allocation to the parties of damages resulting from these litigations.

Litigation regarding bankruptcy of CETECO

Since 1995, Hagemeyer N.V. has held, directly and indirectly, approximately 65% of the shares in Ceteco N.V., which was declared bankrupt in May 2000. In October 2003, Ceteco's bankruptcy receivers filed a lawsuit against Hagemeyer N.V. and the managing and supervisory board members of Ceteco in a Dutch court for the entire deficit in bankruptcy, currently estimated by the bankruptcy receivers at € 190 million, which includes a subordinated loan of Hagemeyer on Ceteco of €42 million.

The CETECO claim is based on the allegations (i) that the non-executive directors improperly supervised the executive directors while they mismanaged Ceteco, leading to its demise. The basis of the alleged liability is that three of these non-executive directors were members of Hagemeyer N.V.'s Board of Management during the period of the alleged mismanagement and that Hagemeyer, as a majority shareholder of Ceteco, breached a duty of care it owed to Ceteco and its creditors by, among other things, failing to intervene in time to prevent mismanagement at Ceteco. The bankruptcy receivers also claim that Hagemeyer N.V. has unjustly discharged Ceteco's Supervisory Board and Board of Management.

The damages in this tort claim are based on the loss suffered by Ceteco in certain countries. Any damages so recoverable in the tort claim will reduce the deficit in bankruptcy and therefore will reduce the amount of the first claim. It is currently expected that the aggregate claim of the bankruptcy receivers will not exceed €148 million.

One of Ceteco's creditors, Dresdner Bank Lateinamerika AG, claims damages from Hagemeyer N.V. in the amount of €14.5 million based on tort and alleging that Hagemeyer breached a duty of care to Dresdner Bank by failing to intervene in time to prevent mismanagement at Ceteco. The amount claimed forms part of the deficit in Ceteco's bankruptcy. Dresdner Bank has not commenced any formal court proceedings.

On December 12, 2007 the Utrecht district court rendered its judgment in the Ceteco litigation. The court allowed the claim of the bankruptcy receivers of Ceteco and ordered Hagemeyer N.V. as well as the former members of the Board of Management and the Supervisory Board of Ceteco to pay a still to be determined amount of damages and referred the parties to a separate proceeding to determine the amount of the damages. In addition Hagemeyer N.V. and the former members of Ceteco's Board of Management and Supervisory Board were jointly and severally ordered to make an advance payment of damages of €50 million. In the meantime Hagemeyer N.V. and the former members of Ceteco's Board of Management and Supervisory Board have appealed this judgment. The appeal suspends the enforceability of the judgment, including the advance payment and the commencement of the separate damage proceedings. On February 8, 2008, the bankruptcy receivers provisionally attached for an amount of €190 million the shares of certain of Hagemeyer N.V.'s directly held Dutch subsidiaries and intragroup receivables that were due on February 8, 2008 by these Dutch subsidiaries to Hagemeyer N.V. Hagemeyer N.V. appealed this decision.

The Group believes it has sound legal grounds to defeat all of these claims, but cannot give assurances that its defense will ultimately prevail.

CEF vs. Elektrotechnische Groothandel Bernard and others

One of Hagemeyer's competitors, CEF Holdings Ltd, started a new wholesale business in electrical materials in 1989 in the Netherlands. Subsequently, CEF Holdings claimed it suffered injury from a cartel maintained by, among others, the Dutch trade association of wholesale traders in electrical materials (the FEG) and all members of the FEG including (at that time) Elektrotechnische Groothandel Bernard B.V., one of Hagemeyer's Dutch subsidiaries. In March 1991, CEF Holdings lodged a complaint with the European Commission against, among others, FEG and all of its members. Subsequently, CEF City Electrical Factors B.V. instituted legal proceedings in February 1999 before the district court in Rotterdam against FEG, Technische Unie (the largest FEG member) and Bernard (the second largest FEG member) for damages in the amount of approximately €98 million exclusive of interest and costs, on the same factual basis.

In October 1999, the European Commission imposed a fine against FEG and Technische Unie because of cartel activities, which decision was confirmed by the European Court of Justice in September 2006. The European Commission did not fine Bernard and later explicitly closed the file on Bernard; the European Court of Justice concurred with the European Commission.

The proceedings before the Rotterdam district court initiated by CEF against FEG, Technische Unie and Bernard that were suspended pending the procedure before the European Court of Justice have been resumed with a hearing scheduled for November 10, 2008.

In 2006, CEF filed also claims against Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, claiming that these parties have restricted CEF's possibilities for recovery of its alleged damages and holding them liable for the resulting loss, if any.

In the context of the proceedings involving CEF and FEG, Technische Unie and Bernard, Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, CEF filed a provisional attachment claim with the Rotterdam district court at the end of 2005. In July 2006, the district court dismissed this claim based on the fact that one of the defendants (Technische Unie) had given a security covering the amount of damages claimed by CEF. CEF appealed this decision. On April 8, 2008, the Court of Appeal of the Hague dismissed CEF's claims to obtain the provisional attachment of certain assets of Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, based on the plaintiff's alleged failure to state a claim. The court only allowed CEF to provisionally attach Hagemeyer Nederland B.V.'s shares owned by Bernard for a total amount of €7 million and explicitly decided that any provisional attachment could not exceed this amount. CEF has not yet proceeded with such attachment nor has it appealed the decision of the Court of Appeal of The Hague during the time prescribed.

Furthermore, in March 2008, CEF initiated interim injunction proceedings before an Amsterdam court to prevent Hagemeyer N.V., ABN AMRO Bank N.V., Rexel, Kelium and Sonepar to be named in Hagemeyer's bankruptcy proceedings and to compel them to transfer €95 million to an escrow account to ensure the payment of CEF's claims. On April 17, 2008, the Amsterdam district court rejected all of CEF's claims and argued that the plaintiff failed to state a claim. CEF appealed this judgment.

The Group believes it has sound legal grounds to defeat all of these claims, but cannot give assurances that its defense will ultimately prevail.

Belgian Tax Authorities vs. 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 received assessments 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 these assessments, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2007 amounts to €52.1 million. All assessments are being contested by Manudax Belgium.

The Group believes it has sound legal grounds to defeat all of these claims, but cannot give assurances that its defense will ultimately prevail.

Arbitration regarding ABM

In 2001, Hagemeyer acquired ABM, a subsidiary in Spain. In connection with the transaction, it was agreed to make certain earn-out payments to the seller of ABM, contingent upon Hagemeyer's achievement of certain agreed adjusted and audited 2002 EBITDA levels. Hagemeyer determined that such agreed EBITDA levels were not achieved, and consequently no earn-out payment was made to the seller of ABM. The company's auditor at the time gave an unqualified opinion on the 2002 Spanish statutory accounts, which contractually formed the basis of the adjusted and audited 2002 EBITDA. The seller is however of the opinion that certain agreed EBITDA levels were achieved and accordingly claims an earn-out payment of €18 million, excluding contractual interest and expenses, currently estimated at € 7.6 million, which claim was upheld in an "expert determination" proceeding. The expert's decision has been submitted to arbitration. An arbitration award is expected late in 2008.

The Group believes it has sound legal grounds to defeat this claim but cannot give assurance that its defense will ultimately prevail.

Litigation regarding Elettroveneta

During the year 2007, Rexel Italia, an indirect subsidiary of Rexel, contemplated the acquisition of Elettroveneta, an Italian company with operations mainly located in the region of Veneto (Italy). The signing of the purchase agreement failed because of a disagreement on the price late in 2007. On July 31st, 2008, the shareholders of Elettroveneta filed a claim before the Court of Monza (Italy) against Rexel alleging that there was an agreement on the price and consequently that, although the purchase agreement has not been signed, there is an agreement between the parties.

The shareholders of Elettroveneta request the Court of Monza (Italy) to sentence defendants to pay compensation for damages to an amount not less than €24.8 million plus interests. The shareholders of Elettroveneta consider that their damages are comprised between €24.5 million and €29.5 million.

The Group considers that it has sound legal grounds to defeat this claim but cannot give assurance that its defense will ultimately prevail.

13.2 Other commitment

On February 1st, Rexel signed an acquisition agreement to acquire a 73.5% ownership interest in the share capital of a Chinese company based in Suzhou, Suzhou Xidian Co., Ltd. This company specialises in industrial automation and Siemens low-voltage products. Rexel is entitled to increase its ownership interest to 100% in 2011.The acquisition price before adjustment is estimated at CNY51.4 million (€4.6 million). To date, completion of this acquisition, expected to occur in the second half of 2008, is subject to the usual conditions for this type of transaction and especially the approval of the Chinese authorities.

15.| SEASONALITY

The Group's business has only a small correlation with seasonal factors. The Group typically has slightly lower than average sales during the first semester (particularly in January and February), and slightly higher than average sales in the last semester (particularly in October and November).

16.| SUBSEQUENT EVENTS AS OF SEPTEMBER 30, 2008

A the date of presentation of the condensed consolidated interim financial statements, there has been no subsequent event with a significant impact on Rexel's financial situation.

17.| QUARTERLY INFORMATION

Consolidated income statement

(in millions of euros)	For the quarter ended September 30, 2008	2007
Sales	3,447.1	2,677.0
Cost of goods sold	(2,628.0)	(2,030.4)
Gross profit	**819.1**	**646.6**
Distribution and administrative expenses	(644.2)	(484.1)
Operating income before other income and expenses	**174.9**	**162.5**
Other income	0.8	2.0
Other expenses	(52.5)	(21.5)
Operating income	**123.2**	**143.0**
Financial income	18.1	11.2
Interest expense on borrowings	(59.8)	(32.9)
Refinancing related expenses	-	(1.9)
Other financial expenses	(16.2)	(6.2)
Financial expenses (net)	*(57.9)*	*(29.8)*
Net Income before income tax	**65.3**	**113.2**
Income tax	(30.7)	(45.3)
Net income	**34.6**	**67.9**
Attributable to:		
Equity holders of the parent	34.3	67.8
Minority interests	0.3	0.1
Average number of ordinary shares in circulation *(in thousands)*	254,845	255,713
Average number of shares used for the diluted earnings per share calculation *(in thousands)*	259,971	255,713
Earnings per share:		
Basic earnings per share (*in euros*)	0.13	0.27
Fully diluted earnings per share (*in euros*)	0.13	0.26

Consolidated cash flow statement

(in millions of euros)	For the quarter ended September 30, 2008	2007
Cash flows from operating activities		
Operating income	123.2	143.0
Depreciation, amortisation and impairment of assets	64.3	18.8
Employee benefits	(7.4)	(4.1)
Change in other provisions	2.8	(0.5)
Other non-cash operating items	(1.4)	17.2
Interest paid	(52.1)	(27.2)
Income tax paid	(26.2)	(27.1)
Operating cash flows before change in working capital requirements	*103.2*	*120.1*
Change in inventories	(3.5)	(11.3)
Change in trade and other receivables	26.9	(1.9)
Change in trade and other payables	(106.4)	(57.1)
Changes in other working capital items	30.1	-
Change in working capital	*(52.9)*	*(70.3)*
Net cash from operating activities	50.3	49.8
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25.4)	(18.8)
Proceeds from disposal of property, plant and equipment	12.9	1.7
Acquisition of subsidiaries, net of cash acquired	(46.6)	(12.1)
Proceeds from disposal of subsidiaries, net of cash disposed of	12.3	1.8
Change in long-term investments	1.9	(0.1)
Net cash from investing activities	(44.9)	(27.5)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	(7.3)
(Repurchase) / Disposal of treasury shares	5.7	(3.2)
Net change in credit facilities and other financial borrowings	(150.6)	(265.1)
Net change in securitisation	2.5	26.9
Payment of finance lease liabilities	(7.3)	(6.1)
Dividends paid	-	0.2
Net cash from financing activities	(149.7)	(254.6)
Net increase in cash and cash equivalents	(144.3)	(232.3)
Cash and cash equivalents at the beginning of the period	823.9	719.3
Effect of exchange rate changes on cash and cash equivalents	8.1	(2.8)
Cash and cash equivalents at the end of the period	687.7	484.2

Segment information for the quarter ended September 30, 2008

(in millions of euros)	Europe		North America		Asia Pacific		Other operations		Consolidated	
	2008	**2007** As reported	**2008**	**2007** As reported	**2008**	**2007** As reported	**2008**	**2007** As reported	**2008**	**2007** As reported
Sales…………………………………	1,962.9	1,209.8	1,121.6	1,244.0	237.9	208.8	124.8	14.4	3,447.2	2,677.0
Operating income before other income & expenses…	100.6	87.7	55.4	61.7	17.3	13.1	1.6	-	174.9	162.5