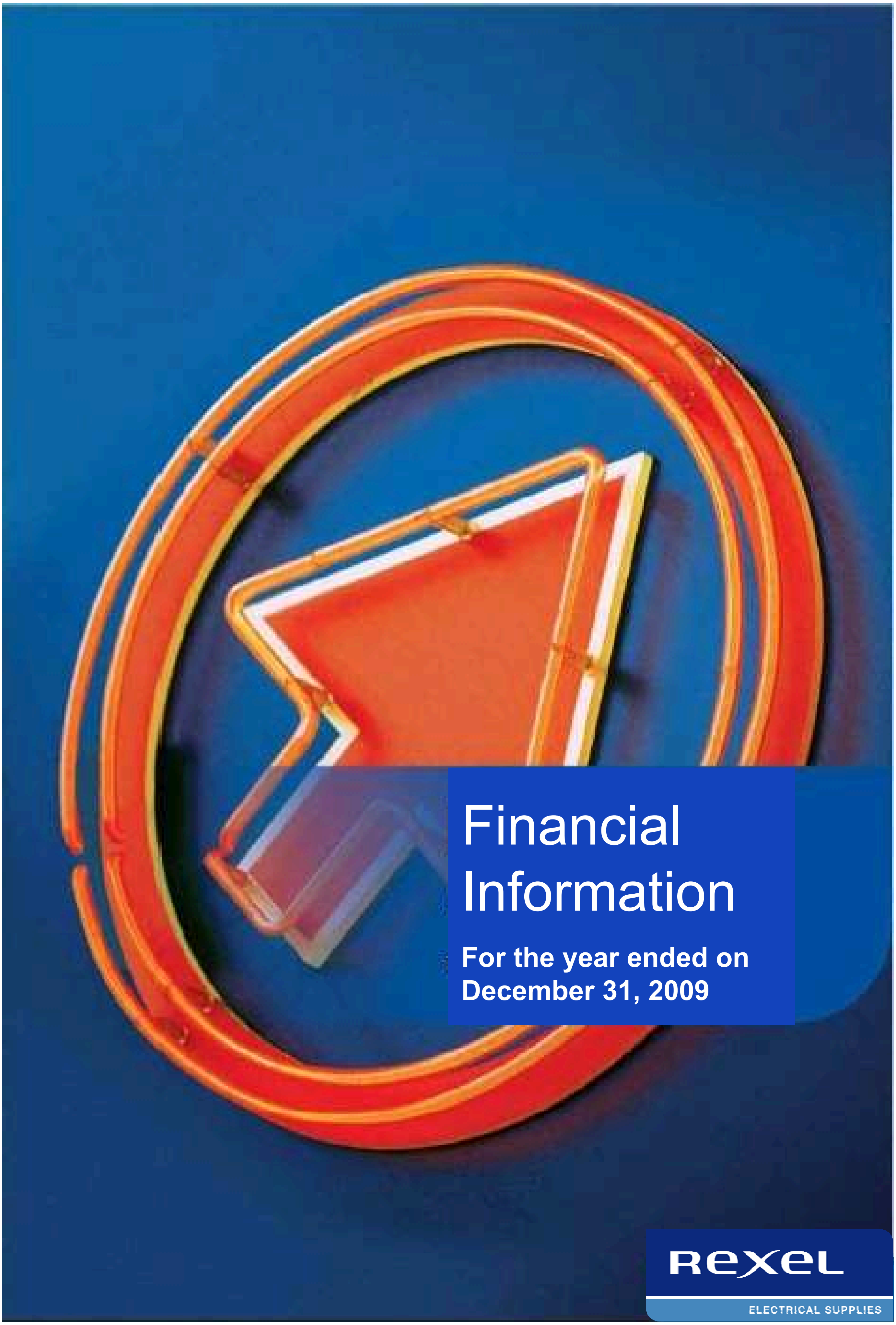

Financial Information

For the year ended on December 31, 2009

Rexel

ELECTRICAL SUPPLIES

Société anonyme à Directoire et Conseil de Surveillance
au capital social de 1 291 100 090 euros
Siège social : 189-193, boulevard Malesherbes
75017 Paris
479 973 513 R.C.S. Paris

Financial information for the year ended December 31, 2009

I. Activity report

This document is a free translation into English of the activity report for the year ended on December 31, 2009 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 year ended on December 31, 2009, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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 (herein after referred to as "the Group" or "Rexel").

In the first quarter of 2008, Rexel acquired significant part of the businesses of Hagemeyer N.V., a Netherlands based company operating as a worldwide distributor of electrical supplies, the business of Sonepar in Sweden and transferred to Sonepar its own business in Germany. All of these transactions are described in section 2.2 of the *Document de référence* registered by the *Autorité des Marchés Financiers* on April 20, 2009 under number R.09-022. The Hagemeyer businesses were consolidated from March 31, 2008. The former business of the Group in Germany, transferred to Sonepar in the second quarter of 2008, has been excluded from the scope of consolidation from March 31, 2008. The business acquired from Sonepar in Sweden was consolidated from July 1, 2008.

The activity report is presented in euro and all values are rounded to the nearest million except when otherwise stated. Total amounts and sub-totals presented in the activity report are computed in thousand euro then rounded to the nearest tenth of a million. Thus, numbers and percentages may differ from the numbers and percentages calculated on the basis of the numbers presented, numbers may not sum precisely due to rounding.

1.1 | Financial Situation of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products based on sales and number of branches. The Group'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 the Group's financial reporting structure. Non-core operations and businesses managed at Group level are aggregated and presented under a separate segment called "Other Operations", as defined below. This segment also includes unallocated corporate overheads expenses.

In 2009, the Group recorded consolidated sales of €11,307.3 million, of which €6,705.1 million were generated in Europe (59% of sales), €3,315.4 million in North America (29% of sales), €847.7 million in the Asia-Pacific zone (8% of sales), and €439.1 million related to Other Operations (4% of sales).

The Europe zone consists of France (which accounts for approximately 34% of Group consolidated sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain, and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States). In 2009, the Group disposed of its distribution network in Hungary.

The North America zone consists of the United States and Canada. The United States represents approximately 74% of the Group's consolidated sales in this zone and Canada the remaining 26%.

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 63% of the Group's consolidated sales in this zone and New Zealand close to 13%.

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 approximately 3% of the Group's sales over the period. It also includes Chile, which represented less than 0.5% of the Group's sales in 2009 and certain businesses managed at Group level. Unallocated corporate overheads (mainly occupancy and personnel costs of the 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 amortization of intangible assets recognized on the occasion of purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other Operations segment.

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 of the year, 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 changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with the distribution of cable products. Cables accounted for approximately 15% of the Group's sales, and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also 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, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in 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 cable prices corresponds to the effect of copper price variations on the selling price 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). Practically, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA is the non-recurring 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).

Both these effects are assessed as much as possible on the whole of cable sales in the period. Internal Rexel Group procedures stipulate that entities that do not have the information systems that allow such exhaustive calculation have to estimate these effects based on a sample representing at least 70% of the sales in the period. The results are then extrapolated to all cables sold during the period. Considering the sales covered, the Rexel Group deems the effects thus measured a reasonable estimate.

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.

In addition, the Group implemented IFRIC 13, Customers Loyalty Programmes, retrospectively from January 1, 2008. As a consequence, the figures presented for 2008 have been restated in accordance with this interpretation. The impacts are however not material and do not affect EBITA. They are presented in the note 2.2.1 of Rexel's Consolidated Financial Statements at December 31, 2009.

Exclude the effects of acquisitions and disposals

The Group adjusts 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 financial year, assuming that the preceding financial year would have had the same scope of consolidation for the same period as the current year.

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 cable prices, as described in paragraph 1.1.3 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.

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

- <u>On a constant basis</u>, 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;

- <u>On a constant basis and same number of working days</u>, 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;

- <u>On a constant basis, Adjusted</u>, meaning on a constant basis and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. 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. It is subject to the review of the statutory auditors pursuant to Article L.823-10 of the French commercial code.

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

(in millions of euros)	Quarter ended December 31, 2009	Quarter ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2008
Operating income before other income and other expenses	**145.5**	**120.1**	**450.2**	**630.0**
Changes in scope effects		0.3		12.7
Foreign exchange effects		(0.3)		5.0
Non recurring effect related to copper	(6.9)	55.5	(19.5)	62.0
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.8	5.1	19.2	17.1
Adjusted EBITA on a constant basis	**143.4**	**180.7**	**449.9**	**726.8**

1.2 | Major events that occurred in 2009

In a challenging environment, Rexel initiated in 2009 a cost reduction plan in order to maintain its profitability and carried on the integration of Hagemeyer entities. Rexel also demonstrated its ability to reduce net indebtedness through working capital improvement and new market development, especially those relating to energy saving, renewal energies and global offer in order to meet international customers needs.

In order to enhance its financial flexibility, Rexel has refinanced its financial structure through the issuance on December 21, 2009 of a €575 million senior unsecured notes due 2016, the proceeds of which were applied to partially refinance the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange.

In connection with the issuance of the bonds, Rexel entered into, as borrower, a €1.7 billion credit facilities agreement with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium SA, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and Bank of America Securities Limited as Mandated Lead Arrangers, and CALYON as Facilities Agent. Proceeds from draw-downs have been used to partially refinance the previous Senior Credit Agreement, finance working capital needs and for general corporate purposes of the Rexel Group, including the financing or refinancing of acquisitions. This refinancing has generated a €16.4 million write-off, in addition to €4.8 million write-off generated in July 2009 for the previous amendment to the Senior Credit Agreement.

1.3 | Comparison of the financial results at December 31, 2009 and 2008

The 2008 figures were restated in accordance with IFRIC 13, Customers Loyalty Programmes, as disclosed in 1.1.4 above. The reported figures include the effect of the Hagemeyer transaction in the first quarter of 2009 but not in the first quarter of 2008. On a constant basis, both periods include such effect.

1.3.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the year and fourth quarters of 2009 and 2008, in millions of Euros and as a percentage of sales.

REPORTED	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**2,904.7**	**3,424.3**	**(15.2)%**	**11,307.3**	**12,864.5**	**(12.1)%**
Gross profit	715.1	774.1	(7.6)%	2,769.5	3,059.4	(9.5)%
Distribution and administrative expenses(1)	(564.8)	(648.9)	(13.0)%	(2,300.0)	(2,412.3)	(4.7)%
EBITA	**150.3**	**125.2**	**20.0%**	**469.4**	**647.1**	**(27.5)%**
Amortization(2)	(4.8)	(5.1)	(6.1)%	(19.2)	(17.1)	12.9%
Other income and expenses	(26.4)	(102.6)		(134.3)	(76.6)	
Operating income	119.0	17.5		315.9	553.4	
Financial expenses	(75.5)	(69.3)		(203.1)	(210.2)	
Income tax	(9.1)	(10.6)		(31.7)	(111.7)	
Net income	34.4	(62.5)		81.0	231.5	
as a % of sales	*1.2%*	*(1.8)%*		*0.7%*	*1.8%*	
(1) Including depreciation:	(22.2)	(22.9)	(2.9)%	(83.5)	(85.5)	(2.2)%

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

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**2,904.7**	**3,360.0**	**(13.6)%**	**11,307.3**	**13,743.4**	**(17.7)%**
Same number of working days			*(13.7)%*			*(17.2)%*
Gross profit	708.0	816.7	(13.3)%	2,749.7	3,311.9	(17.0)%
as a % of sales	*24.4%*	*24.3%*		*24.3%*	*24.1%*	
Distribution and administrative expenses	(564.5)	(636.0)	(11.2)%	(2,299.8)	(2,585.1)	(11.0)%
as a % of sales	*(19.4)%*	*(18.9)%*		*(20.3)%*	*(18.8)%*	
EBITA	**143.4**	**180.7**	**(20.6)%**	**449.9**	**726.8**	**(38.1)%**
as a % of sales	***4.9%***	***5.4%***		***4.0%***	***5.3%***	

Sales

In 2009, Rexel's consolidated sales decreased by 12.1% to €11,307.3 million, a 17.2% decrease on a constant basis and same number of working days. Acquisitions, net of divestitures, accounted for an increase of €851.8 million, mainly related to the Hagemeyer transaction, while the positive effect of changes in exchange rates amounted to €27.2 million, due to the appreciation of the US dollar against the euro, though mitigated by the depreciation of other currencies, especially the Pound Sterling and the Swedish Krona.

The following table analyzes the changes in sales growth between the year 2009 and 2008, on a reported basis and on a constant basis and same number of working days:

		Growth 2009 vs. 2008					
		Q1	Q2	H1	Q3	Q4	Year
Growth on a constant basis and same number of working days		(15.4)%	(20.2)%	(17.9)%	(19.4)%	(13.7)%	(17.2)%
Number of working days effect		(0.7)%	(1.7)%	(1.2)%	0.4%	0.1%	(0.5)%
Organic growth	(a)	*(16.1)%*	*(21.9)%*	*(19.1)%*	*(19.0)%*	*(13.6)%*	*(17.7)%*
Changes in scope effects		30.7%	1.7%	13.9%	0.4%	0.2%	6.6%
Foreign exchange effects		2.4%	1.4%	1.9%	(0.4)%	(2.1)%	0.2%
Total scope and currency effects	(b)	*33.1%*	*3.2%*	*15.8%*	*(0.0)%*	*(1.9)%*	*6.8%*
Effective growth (a) x (b) [(1)]		11.7%	(19.5)%	(6.4)%	(19.0)%	(15.2)%	(12.1)%

[(1)] Organic growth compounded with the scope and currency effects

In 2009, the effect of lower copper-based cable prices compared to the year 2008 was estimated to 2.8 percentage points of the 17.2% Group's sales decrease on a constant basis and same number of working days. In the fourth quarter of 2009, sales decreased by 13.7% on constant basis and same number of working days, 13.6% at constant copper price, benefiting from lower sales last year as the economic environment started deteriorating. The effect of branches closures was estimated to account for 2.8 percentage points in the sales variation of the year 2009 and 4.3 percentage points in the United States.

Gross profit

In 2009, gross profit amounted to €2,769.5 million, a 9.5% decrease compared to 2008. On a constant basis, Adjusted gross margin improved by 20 basis points compared to 2008 from 24.1% in 2008 to 24.3% in 2009. This improvement reflects purchasing synergies with Hagemeyer, together with a favorable product mix, notably cables (reduction in the share of cables in the overall sales, cables being sold with a lower gross margin than the Group average one) and a favorable country mix. In the fourth quarter of 2009, Adjusted gross margin improved by 10 basis points from 24.3% to 24.4% on a constant basis.

Distribution and administrative expenses

Rexel pursued the downsizing of its costs structure over the period to adapt to the current market trends. On a constant basis, Adjusted distribution and administrative expenses decreased by 11.0% between 2008 and 2009 compared to a 17.7% decrease in sales. In the fourth quarter of 2009, this decrease in distribution and administrative expenses was 11.2%. Adjusted personnel expenses decreased by 12.2% on a constant basis as a result of the headcount reductions implemented in all the countries, with the major effects in North America and in Europe. At December 31, 2009, the number of employees was 28,688, down 13.1% compared to December 31, 2008, on a constant basis. In addition, temporary part-time measures have been implemented where legally authorized to reduce costs and protect employment. Transportation costs also significantly decreased due to lower sales and petrol price decrease. Bad debt expenses, including credit insurance costs, increased from 0.3% to 0.5% of sales compared to the year 2008, especially in Europe, as a result of the downturn in economy.

EBITA

EBITA reached €469.4 million in 2009, a 27.5% decrease compared to the year 2008 on a reported basis. On a constant basis, Adjusted EBITA decreased by 38.1% and Adjusted EBITA margin decreased by 130 basis points from 5.3% in 2008 to 4.0% in 2009 as a result of the drop in sales. The effect of the decrease in sales was mitigated by the improvement of gross margin, and the costs saving actions taken to reduce distribution and administrative expenses. The 4.9% Adjusted EBITA margin in the fourth quarter of 2009 compares with 4.4% in the third quarter, 3.6% in the second quarter and 3.0% in the first quarter.

Other income and other expenses

In 2009, other income and other expenses were a net expense of €134.3 million and included €115.3 million restructuring and Hagemeyer's integration expenses, incurred in Europe for €90.6 million (mainly in France and in Spain), in North America for €19.5 million (mainly in the United States) and in Asia-Pacific for €2.5 million (mainly in Australia), €18.1 million goodwill impairment charge in respect of the operations of the Group in Slovakia, Ireland and Finland, €17.5 million related to asset impairment and loss on assets disposals, €4.0 million related to the disposal of Rexel's operations in Hungary, offset by €13.8 million income related to partial release of Ceteco reserve following the settlement of the litigation with the receivers executed on the 8th of February 2010 and €5.5 million income related to the remeasurement of financial assets in relation with the investment in D.P.I. (US consumer electronic distributor), following the restructuration of D.P.I. financial structure.

Financial expenses

In 2009, net financial expenses were €203.1 million compared to €210.2 million in 2008, due to the decrease in both interest rates and the Group's average net debt between both periods. The 2009 expenses included €12.0 million with regard to defined employee benefit obligations because of the reduced funding resulting from the negative return on plan assets in 2008, whereas the net impact was only €1.4 million in 2008. Financial expenses were also comprised of €21.2 million non-recurring costs following the 2009 Group's refinancing, in 2009 and €11.0 million non-recurring costs in 2008.

In 2009, the effective interest rate was 6.1% compared to 6.6% in 2008 and 7.7% in the fourth quarter of 2009. The increase quarter-on-quarter mainly resulted from the amendment to the Senior Credit Agreement entered into on July 2009 and December 2009 (see paragraph 2.2 hereunder).

Tax expenses

The effective tax rate was 28.1% at December 31, 2009 compared to 32.6% at December 31, 2008. In 2008, the effective tax rate included the effect of the low taxation of the gain relating to the transfer to Sonepar of Rexel's operations in Germany. Excluding the effect of this non recurring transaction, the effective tax rate would have been 34% in 2008. The effective tax rate was lower in 2009 due to financial restructuring and legal reorganisation within the group, partially offset by non-recognition of deferred tax assets as a result of the deterioration of the economic environment.

Net income

Net income amounted to €81.0 million in 2009 and €34.4 million in the fourth quarter of 2009, compared to €231.5 million in 2008 and a loss of €62.5 million in the fourth quarter of 2008.

1.3.2 | Europe (59% of Group consolidated sales)

REPORTED	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**1,777.5**	**1,955.1**	**(9.1)%**	**6,705.1**	**7,168.5**	**(6.5)%**
Gross profit	460.6	450.5	2.2%	1,739.5	1,770.8	(1.8)%
Distribution and administrative expenses	(348.9)	(389.7)	(10.5)%	(1,399.8)	(1,411.0)	(0.8)%
EBITA	**111.7**	**60.8**	**83.7%**	**339.7**	**359.8**	**(5.6)%**
as a % of sales	*6.3%*	*3.1%*		*5.1%*	*5.0%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**1,777.5**	**1,936.7**	**(8.2)%**	**6,705.1**	**7,737.1**	**(13.3)%**
Same number of working days			*(8.4)%*			*(12.8)%*
Gross profit	455.3	491.2	(7.3)%	1,719.1	1,947.0	(11.7)%
as a % of sales	*25.6%*	*25.4%*		*25.6%*	*25.2%*	
Distribution and administrative expenses	(348.6)	(384.9)	(9.4)%	(1,399.6)	(1,526.3)	(8.3)%
as a % of sales	*(19.6)%*	*(19.9)%*		*(20.9)%*	*(19.7)%*	
EBITA	**106.7**	**106.3**	**0.4%**	**319.5**	**420.7**	**(24.0)%**
as a % of sales	***6.0%***	***5.5%***		***4.8%***	***5.4%***	

In 2009, sales decreased by 6.5% in Europe compared to the year 2008 and reached €6,705.1 million. Acquisitions, net of disposals, accounted for a €700.9 million increase, essentially due to the Hagemeyer transaction, while changes in exchange rates accounted for a €132.3 million decrease, mostly due to the depreciation of the Pound Sterling against the euro. The disposal of the Group's distribution network in Hungary resulted in a reduction of sales in an amount of €17.0 million. On a constant basis and same number of working days, sales decreased by 12.8% in 2009 as a result of the deterioration in economics, copper-based cable prices decrease versus 2008 and branch closures. In the fourth quarter of 2009, sales decreased by 8.4% on a constant basis and same number of working days.

In France, sales amounted to €2,258.6 million in 2009, an 8.3% decrease on a constant basis and same number of working days. This sales evolution was particularly driven by the downturn in the industrial sales, although commercial and residential end-markets were also weak. Despite market conditions, Rexel implemented initiatives which contributed to the sales growth with governmental and institutional customers, and also specific product families such as climate control and security. The Group estimates that it outperformed the market. In the fourth quarter of 2009, sales decreased by 4.9% on a constant basis and same number of working days.

In the United Kingdom, sales amounted to €895.2 million in 2009, a 14.2% decrease on a constant basis and same number of working days. Sales were impacted by branch closures and projects on hold. Sales to large contractors decreased strongly while small contractors were resisting better. The Group estimates that it outperformed the market. In the fourth quarter of 2009, sales decreased by 9.4% on a constant basis and same number of working days.

In Germany sales amounted to €813.6 million in 2009, a 6.2% decrease on a constant basis and same number of working days. Construction remained weak but the main driver to the sales evolution was the decrease in industrial end-market as a result of the depressed economic environment. The Group estimates it outperformed the market. In the fourth quarter of 2009, sales increased by 0.6% on a constant basis and same number of working days with increase in sales of solar panels and some improvements in the industrial end-market, especially in the public sector and manufacturing industry.

In Scandinavia sales amounted to €765.9 million in 2009, a 12.5% decrease on a constant basis and same number of working days. The activities in Finland recorded a 21.9% drop in sales driven by the business with large national and industrial companies. In Sweden, sales decreased by 10.7% due to projects delayed or cancelled, especially in the utilities and industrial sectors, but estimated better than the market. Sales in Norway posted a 7.1% decrease, estimated to be gaining market share. Sales to customers in the utilities sector recorded a positive growth in 2009. In the fourth quarter of 2009, sales decreased by 9.8% in Scandinavia on a constant basis and same number of working days.

In 2009, gross profit amounted to €1,739.5 million, a 1.8% decrease compared to 2008. On a constant basis, Adjusted gross margin was 25.6% of sales in 2009, a 40 basis points improvement from 25.2% in 2008. This performance was mainly due to favorable changes in product mix, notably cables, to favorable country mix and to better purchasing terms, including synergies from the Hagemeyer integration. In the fourth quarter of 2009, Adjusted gross margin was 20 basis points higher than in fourth quarter of 2008, at 25.6% of sales.

On a constant basis, Adjusted distribution and administrative expenses decreased by 8.3% compared to a 13.3% decrease in sales. In order to adjust the costs structure to the current level of demand, specific actions were implemented and synergies resulting from the integration of Hagemeyer are progressing in line with expectations. Adjusted personnel expenses were reduced by 9.7%. The number of employees was reduced by 14.1% compared to December 31, 2008 on a constant basis, to 16,937 at December 31, 2009. Lease and maintenance expenses decreased compared to the year 2008 with branch network and real estate rationalization, offsetting increases due to inflation and commercial and logistic initiatives. In the logistics area, rental expenses rose following the transfer and improvement of several logistic centers in France as well as the sale and partial leaseback of several logistics platforms representing 125,000 sqm in the course of 2008. Bad debt expenses increased compared to the year 2008 due to reduced coverage from credit insurance in a depressed economic environment. In the fourth quarter of 2009, Adjusted distribution and administrative expenses decreased by 9.4% on a constant basis.

EBITA amounted to €339.7 million, a 5.6% decrease compared to the year 2008. On a constant basis, Adjusted EBITA decreased by 24.0% and Adjusted EBITA margin decreased by 60 basis points to 4.8% in 2009 for a sales decrease of 13.3%. In the fourth quarter of 2009, Adjusted EBITA increased by 0.4% on a constant basis and Adjusted EBITA margin increased by 50 basis points to 6.0% of sales.

1.3.3 | North America (29% of Group consolidated sales)

REPORTED	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**773.4**	**1,142.6**	**(32.3)%**	**3,315.4**	**4,404.8**	**(24.7)%**
Gross profit	168.5	236.0	(28.6)%	709.2	946.8	(25.1)%
Distribution and administrative expenses	(142.8)	(187.3)	(23.7)%	(626.2)	(729.6)	(14.2)%
EBITA	**25.7**	**48.7**	**(47.2)%**	**83.0**	**217.1**	**(61.8)%**
as a % of sales	*3.3%*	*4.3%*		*2.5%*	*4.9%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**773.4**	**1,046.3**	**(26.1)%**	**3,315.4**	**4,573.5**	**(27.5)%**
Same number of working days			*(26.2)%*			*(27.0)%*
Gross profit	167.4	226.5	(26.1)%	710.1	995.8	(28.7)%
as a % of sales	*21.6%*	*21.6%*		*21.4%*	*21.8%*	
Distribution and administrative expenses	(142.8)	(170.4)	(16.2)%	(626.2)	(759.4)	(17.5)%
as a % of sales	*(18.5)%*	*(16.3)%*		*(18.9)%*	*(16.6)%*	
EBITA	**24.5**	**56.1**	**(56.2)%**	**83.9**	**236.4**	**(64.5)%**
as a % of sales	***3.2%***	***5.4%***		***2.5%***	***5.2%***	

In 2009, sales in North America amounted to €3,315.4 million, a 24.7% decrease compared to 2008. This decrease includes a €168.8 million favorable effect from changes in foreign exchange rates due to the appreciation of the US dollar against the Euro reduced by the depreciation of the Canadian dollar. On a constant basis and same number of working days, sales decreased by 27.0% in 2009 compared to 2008 because of the economic situation, the lower copper-based cable and other commodities prices compared to 2008 and branch closures. In the fourth quarter of 2009, sales decreased by 26.2% on a constant basis and same number of working days.

In the United States, sales amounted to €2,443.4 million in 2009, a 31.4% decrease on a constant basis and same number of working days. The deep slide in residential construction continued but showed signs of "bottoming" near the end of the year. Commercial end-markets weakened as the recession spread to a downturn in larger projects. Most industrial segments also declined as consumer spending dropped and unemployment rates rose. Despite the economic environment, Rexel invested in growth initiatives in targeted applications and segments such as energy efficiency, transportation, infrastructure, education and healthcare, which mitigated the drop in sales. The impact of branches closures was estimated to 4.3 percentage points in the 31.4% sales decrease. In the fourth quarter of 2009, sales decreased by 30.1% on a constant basis and same number of working days.

In Canada, sales amounted to €871.9 million in 2009, a 11.3% decrease on a constant basis and same number of working days. This evolution was mainly due to the performance in Ontario, where manufacturing activity continued to be depressed as a result of the global economic downturn, low U.S. demand and a strong Canadian dollar versus US dollar. Sales in Alberta with oil sands related projects slowed down compared to last year with both very strong sales in 2008 and slower project activity due to dropping commodity prices and reduced investment activity in the energy sector in 2009 leading to delayed or cancelled projects. Focus on energy conservation markets, renewable energy and lighting retrofit opportunities resulted in an increase in market share. In the fourth quarter of 2009, sales decreased by 14.6% on a constant basis and same number of working days.

In 2009, gross profit amounted to €709.2 million, a 25.1% decrease compared to 2008. On a constant basis, Adjusted gross margin decreased by 40 basis points compared to 2008 at 21.4% of sales in 2009. This change mainly resulted from a change in the channel mix (a greater share of direct sales vs. warehouse sales), lower rebates and some price pressure notably in commodity prices. In the fourth quarter of 2009, Adjusted gross margin was in line with the fourth quarter of 2008, at 21.6% of sales.

On a constant basis, Adjusted distribution and administrative expenses decreased by 17.5% compared to a 27.5% decrease in sales. Adjusted personnel costs decreased by 17.3% on a constant basis due to continuous staff adaptation and part time measures in order to adapt to current sales trends. Headcount was reduced by 12.9% compared to December 31, 2008 on a constant basis, to 7,683 at December 31, 2009. Transportation costs also significantly decreased due to lower sales and petrol price. In the fourth quarter of 2009, Adjusted distribution and administrative expenses decreased by 16.2% on a constant basis.

EBITA thus amounted to €83.0 million in 2009, a 61.8% decrease compared to 2008. On a constant basis, Adjusted EBITA posted a 64.5% reduction, and decreased as a percentage of sales from 5.2% to 2.5% for a sales decrease of 27.5%. In the fourth quarter of 2009, Adjusted EBITA decreased by 56.2% on a constant basis to 3.2% of sales.

1.3.4 | Asia-Pacific (8% of Group consolidated sales)

REPORTED	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**223.4**	**195.8**	**14.1%**	**847.7**	**882.9**	**(4.0)%**
Gross profit	49.0	45.9	6.8%	188.7	214.7	(12.1)%
Distribution and administrative expenses	(37.2)	(33.9)	9.7%	(142.6)	(152.2)	(6.3)%
EBITA	**11.8**	**11.9**	**(1.3)%**	**46.1**	**62.5**	**(26.3)%**
as a % of sales	*5.3%*	*6.1%*		*5.4%*	*7.1%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA						
	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**223.4**	**236.6**	**(5.6)%**	**847.7**	**914.3**	**(7.3)%**
Same number of working days			*(5.0)%*			*(7.0)%*
Gross profit	48.4	55.6	(12.9)%	188.6	214.6	(12.1)%
as a % of sales	*21.7%*	*23.5%*		*22.3%*	*23.5%*	
Distribution and administrative expenses	(37.2)	(40.3)	(7.8)%	(142.6)	(151.5)	(5.9)%
as a % of sales	*(16.7)%*	*(17.1)%*		*(16.8)%*	*(16.6)%*	
EBITA	**11.2**	**15.2**	**(26.3)%**	**46.0**	**63.0**	**(27.0)%**
as a % of sales	***5.0%***	***6.4%***		***5.4%***	***6.9%***	

In 2009, sales in Asia-Pacific decreased by 4.0% compared to 2008 to €847.7 million, and 7.0% on a constant basis and same number of working days. The contribution from the acquisition of Suzhou Xidian in China early 2009 (€41.3 million) was partially off-set by unfavorable changes in exchange rates, which accounted for €9.9 million. In the fourth quarter of 2009, sales decreased by 5.0% on a constant basis and same number of working days.

In 2009, sales in Australia amounted to €533.3 million, an 11.0% decrease compared to 2008 on a constant basis and same number of working days. Sales were impacted by branch closures and economic conditions, particularly the lack of projects and the slowdown of the residential, industry and mining markets. Rexel estimates it gained market share in a depressed market. In the fourth quarter of 2009, sales decreased by 10.5% on a constant basis and same number of working days.

In New-Zealand, sales amounted to €111.8 million in 2009, an 8.3% decrease compared to 2008 on a constant basis and same number of working days. Sales were affected by the downturn of the residential and commercial construction markets. Rexel estimates it gained market share in a depressed market. In the fourth quarter of 2009, sales decreased by 7.7% on a constant basis and same number of working days.

In Asia, sales amounted to €202.5 million in 2009, a 6.6% increase on a constant basis and same number of working days compared to 2008, which benefited from the Olympics. Rexel recorded a good performance in the automation, energy and rail sectors, although the activity was impacted by the general economic slowdown and customers' credit constraints. In the fourth quarter of 2009, sales increased by 16.1% on a constant basis and same number of working days benefiting from lower sales base effect last year partly due to the Olympics disruptions.

In 2009, gross profit decreased by 12.1% to €188.7 million. On a constant basis, Adjusted gross margin decreased by 120 basis points, to 22.3% In 2009. This was mainly due to a decrease in Australia (increased mix of key accounts, pressure on projects margin and decrease in rebates) and to change in the regional mix (increase of the share of Asia where gross margin is lower). In the fourth quarter of 2009, Adjusted gross margin was 180 basis points lower than in fourth quarter of 2008, at 21.7% of sales.

On a constant basis, Adjusted distribution and administrative expenses decreased by 5.9% compared to 2008, while sales decreased by 7.3%. Adjusted personnel costs decreased by 6.3% on a constant basis. On a constant basis, headcount was reduced by 9.7% compared to December 31, 2008 to 2,592 at December 31, 2009. In the fourth quarter of 2009, distribution and administrative expenses decreased by 7.8% on a constant basis, reflecting the continuation of costs reduction actions.

EBITA amounted to €46.1 million in 2009, a 26.3% decrease compared to 2008. On a constant basis, Adjusted EBITA decreased by 27.0%, from 6.9% of sales in 2008 to 5.4% in 2009. In the fourth quarter of 2009, Adjusted EBITA decreased by 26.3% on a constant basis, i.e. 140 basis points to 5.0% of sales.

1.3.5 | Other operations (4% of Group consolidated sales)

REPORTED	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**130.4**	**130.9**	**(0.4)%**	**439.1**	**408.3**	**7.6%**
Gross profit	37.0	41.7	(11.2)%	132.0	127.1	3.9%
Distribution and administrative expenses	(35.9)	(37.9)	(5.2)%	(131.4)	(119.5)	9.9%
EBITA	**1.1**	**3.8**	**(71.4)%**	**0.7**	**7.6**	**(91.3)%**
as a % of sales	*0.8%*	*2.9%*		*0.2%*	*1.9%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended December 31,			Year ended December 31,		
(in millions of euros)	2009	2008	Change in %	2009	2008	Change in %
Sales	**130.4**	**140.5**	**(7.2)%**	**439.1**	**518.5**	**(15.3)%**
Same number of working days			*(7.6)%*			*(15.2)%*
Gross profit	36.9	43.5	(15.2)%	131.8	154.5	(14.7)%
as a % of sales	*28.3%*	*31.0%*		*30.0%*	*29.8%*	
Distribution and administrative expenses	(35.9)	(40.4)	(11.0)%	(131.4)	(147.8)	(11.1)%
as a % of sales	*(27.5)%*	*(28.7)%*		*(29.9)%*	*(28.5)%*	
EBITA	**1.0**	**3.1**	**(69.1)%**	**0.4**	**6.7**	**-**
as a % of sales	***0.7%***	***2.2%***		***0.1%***	***1.3%***	

Most of the Other operations segment's business is comprised of the Agencies / Consumer Electronics activity acquired in 2008 as part of the Hagemeyer acquisition.

In 2009, sales of the Agencies / Consumer Electronics activity posted a 16.9% decrease on a constant basis and same number of working days driven by Netherlands. Compared with 2008 which benefited from the European football championship, sales in the Netherlands were impacted not only by a decreasing market in volume but also by strong deflation due to high price competition from Korean manufacturers. In Australia, sales decreased as a consequence of the discontinuation of some non-core product lines as well as tough market conditions and competition. The Asian agencies business was impacted by outlet closures and the economic environment, as the recent recovery does not benefit yet to consumer spendings towards luxuary brands. In the fourth quarter of 2009, sales decreased by 8.4% on a constant basis and same number of working days.

On a constant basis, most of the Adjusted EBITA decline was linked to the Agencies / Consumer Electronics decrease in sales.

1.5 | Outlook

In 2009, Rexel delivered on its priorities, increasing the resilience of its business model through strict cost control and measures to protect margins, as well as deleveraging the Group and strengthening its financial structure.

In 2010, in an environment that will remain challenging, Rexel expects that:

- organic same-day sales evolution should post a low single-digit drop in the full-year (after the 17.2% decline recorded in 2009),
- full-year adjusted EBITA margin should improve over the 4.0% recorded in 2009,
- full-year free cash flow before interest and tax should be around €400 million.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow at December 31, 2009 and 2008

The following table sets out Rexel's cash flow for the full years and quarters ended December 31, 2009 and 2008.

(in millions of euros)		Quarter ended December 31, 2009	Quarter ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2008
Operating cash flow[1]		134.6	119.3	446.8	664.1
Interest	(a)	(45.3)	(53.2)	(149.3)	(186.7)
Taxes	(a)	(4.6)	(26.0)	(52.7)	(109.8)
Changes in working capital requirement		165.6	208.6	471.6	133.7
Net cash flow from operating activities	(b)	250.3	248.7	716.4	501.3
Net cash flow from investing activities		(18.3)	(38.9)	(84.5)	(1,476.1)
Including operating capital expenditures [2]	(c)	*(9.8)*	*(13.1)*	*(38.5)*	*(8.7)*
Net cash flow from financing activities		(412.1)	(133.1)	(1,038.2)	1,220.8
Net cash flow		(180.1)	76.7	(406.3)	246.0
Free cash flow:					
- before interest and taxes (b) – (a) + (c)		**290.4**	**314.8**	**879.9**	**789.1**
- after interest and taxes (b) + (c)		**240.5**	**235.6**	**677.9**	**492.6**
WCR as a % of sales[3] at:				**December 31, 2009**	**December 31, 2008**
Reported				10.5%	11.9%
On a constant basis				11.0%	11.9%

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

(2) Net of disposals.

(3) Working capital requirement, end of period, divided by last 12-month sales

These figures include the Hagemeyer businesses in the first quarter of 2009 but not in the first quarter of 2008.

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was a €716.4 million inflow in 2009 compared to €501.3 million in 2008. In the fourth quarter of 2009, cash flow from operating activities amounted to a €250.3 million inflow compared to €248.7 million in the fourth quarter of 2008.

Operating cash flow

The decrease in the operating cash flow before interest, income tax and changes in working capital requirements (from €664.1 million in 2008 to €446.8 million in 2009) mainly resulted from lower operating income before depreciation, other income and other expenses (EBITDA, from €732.5 million In 2008 to €553.0 million in 2009) and higher restructuring costs (€99.2 million compared to €55.5 million in 2008). The decrease in EBITDA mainly reflected the lower activity in 2009 compared to 2008 as a result of the deteriorated economic environment.

Interest and taxes

In 2009, interest paid amounted to €149.3 million compared to €186.7 million in 2008. From the second quarter of 2008, interest paid reflects the terms of the 2008 Senior Credit Agreement entered into for the Hagemeyer transaction. From the third quarter of 2009, they reflect the amendment to the Senior Credit Agreement entered into on July 30, 2009.

In 2009, €52.7 million income taxes were paid compared to €109.8 million paid in 2008, reflecting the lower level of activity resulting in lower taxable profits.

Changes in working capital requirement

Changes in working capital requirement amounted to an inflow of €471.6 million in 2009 compared to an inflow of €133.7 million in 2008. At December 31, 2009, working capital requirement included a €52.6 million positive effect of derecognized receivables under an off-balance sheet securitized program implemented in the US in December 2009, which is estimated at 50 basis points. As a percentage of the last twelve month sales, the working capital requirement decreased from 11.9% at December 31, 2008 on a constant basis to 11.0% at December 31, 2009 (excluding the effect of the derecognition of receivables).

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 €84.5 million outflow in 2009 compared to a €1,476.1 million outflow in 2008.

	Quarter ended December 31,		Year ended December 31,	
(in millions of euros)	2009	2008	2009	2008
Acquisitions of operating fixed assets(1)	(9.8)	(13.1)	(38.5)	(8.7)
Acquisitions of financial fixed assets(1)	(8.7)	(23.9)	(46.5)	(2,321.0)
Net change in long-term investments	0.2	(1.9)	0.5	853.6
Net cash flow from investing activities	(18.3)	(38.9)	(84.5)	(1,476.1)

(1) Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisitions of operating fixed assets, net of disposals, were a €38.5 million outflow in 2009 compared to a €8.7 million outflow in 2008.

In 2009, gross capital expenditures amounted to €51.1 million, i.e. 0.5% of the sales of the period, of which €25.1 million related to IT systems, €19.1 million to the renovation of existing branches and the opening of new branches, €5.7 million to logistics and €1.2 million to other investments. Disposals of fixed assets in 2009 amounted to €13.3 million and mainly related to the disposal of three branches, one in the United States and two in the United Kingdom, and one building in China. Net changes in the related payables and receivables amounted to €0.7 million, accounting for an increase in the net capital expenditures of the period.

In 2008, gross capital expenditures amounted to €88.6 million, i.e. 0.7% of the sales of the period, of which €28.7 million related to IT systems, €36.3 million to the renovation of existing branches and the opening of new branches, €20.6 million to logistics and €3.0 million to other investments. Disposals of fixed assets in 2008 amounted to €88.1 million and mainly related to a sale and leaseback transaction in 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 €10.1 million and a building in The Netherlands for an amount of €3.1 million. Net changes in the related payables and receivables amounted to €8.2 million, accounting for an increase in the capital expenditures of the period.

Financial investments

Rexel's net financial investments represented a net outflow of €46.5 million in 2009 compared to €2,321.0 million in 2008.

In 2009, outflows in respect of financial investments mainly included the acquisition of 63.5% of the shares of Suzhou Xidian Co. Ltd. in China for CNY41.0 million (€4.7 million), the increase in the Group's interest in Huazhang Electrical Automation Co. Ltd in China, from 51% to 70% through the exercise of a call option for CNY34.6 million (€3.6 million) and the acquisition of the remaining Hagemeyer shares not tendered and acquired as part of the squeeze-out procedure initiated by Rexel to buy-out the minority interest of Hagemeyer for €27.2 million, including acquisitions related costs. Earn-out and price adjustments on previous acquisitions amounted to a net effect of €10.7 million, of which €6.9 million on EIW in Australia.

In 2008, outflows in respect of financial investments mainly included the completion of the Hagemeyer offer for an amount of €3,082.2 million net of cash acquired. The disposal of the non retained Hagemeyer entities to Sonepar in June 2008 resulted in an inflow of €732.0 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 €83.8 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 $19.3 million (€12.6 million), ABK Electric Wholesale Pty.Ltd Company in Australia for AUD 3.3 million (€1.8 million), Egley in New Zealand for NZD 11.5 million (€6.3 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 €4.3 million. They also included earn-out relating to the acquisition of Huazhang in China for €7.3 million, of ElettroBergamo for €2.0 million and of ABM, a former Hagemeyer entity, for €11.2 million, and a €2.5 million price adjustment related to the EIW company in Australia. 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 €1.2 million.

Changes in long-term investments

Net cash from changes in long term investments represents a net inflow of €0.5 million in 2009 compared to a net inflow of €853.6 million in 2008.

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

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 2009, financing activities accounted for a €1,038.2 million outflow. Outflows were comprised of:

- Repayment of 2008 Senior Credit Agreement for €2,401.0 million;
- Transaction costs paid in connection with Group refinancing for €64.1 million;
- Decrease in securitization programs for €236.2 million;
- Payment of finance lease liabilities for €7.7 million;

While inflows included:

- Subscription of 2009 Senior Credit Agreement for €1,082.0 million;
- Subscription of senior unsecured notes for €575.0 million;
- Net disposals of treasury shares for €8.6 million; and
- Net change in other credit facilities and bank overdrafts for €4.5 million

In 2008, financing activities accounted for a €1,220.8 million inflow. Inflows were comprised of:

- The net change in credit facilities accounted for €1,030.8 million and was comprised of the drawing under the new Senior Credit Agreement for €4,256.3 million, net of transaction fees. This amount was used to acquire the Hagemeyer shares and bonds for €3,153.1 million, as well as to repay the 2007 Senior Credit Agreement for €947.5 million and refinance Hagemeyer pre-acquisition debt for €260.0 million. Following the sale to Sonepar of non-retained Hagemeyer entities in June 2008 and the implementation of a European securitization programme in December 2008, Rexel repaid €1,927.6 million of the Senior Credit Agreement. 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;

- Securitization programmes increased by €354.0 million, including the implementation of the new programme in December;

While outflows included:

- Repayments of finance lease liabilities amounted to €66.3 million;
- The €0.37 dividend paid in June 2008 to the shareholders for a total of €94.4 million.

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 December 31, 2009, Rexel's consolidated net debt amounted to €2,401.2 million, and was made up as follows:

	December 31, 2009			December 31, 2008		
(in millions of euros)	Current	Non current	Total	Current	Non current	Total
Senior notes [1]	1.5	575.0	576.5	-	-	-
Senior credit facility	-	1,091.2	1,091.2	178.2	2,225.9	2,404.1
Securitization	-	1,056.6	1,056.6	-	1,255.0	1,255.0
Bank loans	3.9	2.3	6.2	5.2	3.7	8.9
Bank overdrafts and other credit facilities [2]	87.7	-	87.7	91.4	-	91.4
Finance lease obligations	6.9	11.0	17.9	9.6	17.4	27.0
Less transaction costs	(16.5)	(58.8)	(75.3)	-	(47.4)	(47.4)
Total financial debt and accrued interest	**83.5**	**2,677.3**	**2,760.8**	**284.4**	**3,454.6**	**3,739.0**
Cash and cash equivalents			(359.6)			(807.0)
Net financial debt			**2,401.2**			**2,932.0**

[1] Including accrued interest of €1.5 million as of December 31, 2009

[2] Including accrued interest of €4.2 million as of December 31, 2009 (€8.3 million as of December 31, 2008)

Net financial debt is detailed in note 19 of Rexel's Consolidated Financial Statements at December 31, 2009.

On December 21, 2009, Rexel issued €575 million senior unsecured notes due 2016 (the "Notes"), the proceeds of which were applied to partially refinance the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, commencing on June 15, 2010. Rexel will make the first payment on June 15. The notes will mature on December 15, 2016.

On December 21, 2009, in connection with the refinancing transactions, Rexel entered into, as borrower, a €1.7 billion credit facilities agreement with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium SA, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and Bank of America Securities Limited as Mandated Lead Arrangers, and CALYON as Facilities Agent.

The key terms and conditions of these amendments are detailed in note 19 of Rexel's Consolidated Financial Statements at December 31, 2009.

As of December 31, 2009, the Group's liquidity amounted to €894 million including €276 million of cash net of overdrafts and €618 million of undrawn revolver credit.

The Indebtedness Ratio (Adjusted consolidated net debt / Adjusted consolidated EBITDA for the last 12 months) is compared to the covenant every six months. Commitments as defined by the amendment signed on December 21, 2009 are as below:

Date	31/12/2009	30/06/2010	31/12/2010	30/06/2011	31/12/2011	30/06/2012	31/12/2012	30/06/2013	31/12/2013	30/06/2014
Commitment	5.15x	5.15x	4.90x	4.50x	4.00x	3.75x	3.50x	3.50x	3.50x	3.50x

At December 31, 2009 the Indebtedness Ratio calculation was:

(in millions of euros)	December 31, 2009
Net debt at closing currency exchange rates	2,401.2
Net debt at average currency exchange rates (A)	2,364.1
LTM Adjusted EBITDA (B)	547.7
Indebtedness ratio (A)/(B)	**4.32**

2.3 | Post-closing events

On January 20, 2010, as a supplement of the issuance effective on 21 December 2009 of €575.0 million of its Senior Notes due 2016 (see note 19.1.1 of Rexel's Consolidated Financial Statements at December 31, 2009), Rexel issued an additional amount of €75.0 million at 8.25%. The additional notes have identical terms and conditions as, and upon completion of a 40-day distribution compliance period will be fully fungible with, the original Notes. The issue price was 102.33% of the principal amount of the additional notes plus accrued interest for the period from December 21, 2009 to January 20, 2010 of €0.5 million, or €77.2 million.

II. Consolidated financial statements

This document is a free translation from French to English of Rexel's original consolidated financial statements for the year ended December 31, 2009 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 consolidated financial statements for the year ended December 31, 2009, the French version will prevail.

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Consolidated income statement

(in millions of euros)	*Note*	For the year ended December 31 2009	2008 (1) (2)
Sales	*4*	11,307.3	12,864.5
Cost of goods sold		(8,537.8)	(9,805.1)
Gross profit		**2,769.5**	**3,059.4**
Distribution and administrative expenses	*5*	(2,319.3)	(2,429.4)
Operating income before other income and expenses		**450.2**	**630.0**
Other income	*7*	33.1	124.4
Other expenses	*7*	(167.5)	(201.0)
Operating income		**315.8**	**553.4**
Financial income		47.7	74.7
Interest expense on borrowings		(173.2)	(224.8)
Refinancing related expenses		(21.2)	(11.0)
Other financial expenses		(56.4)	(49.1)
Financial expenses (net)	*8*	*(203.1)*	*(210.2)*
Net Income before income tax		**112.7**	**343.2**
Income tax	*9*	(31.7)	(111.7)
Net income		**81.0**	**231.5**
Attributable to:			
Equity holders of the parent		80.6	230.2
Minority interests		0.4	1.3
Earnings per share:			
Basic earnings per share (*in euros*)	*16*	0.31	0.90
Fully diluted earnings per share (*in euros*)	*16*	0.31	0.88

(1) Reported income statement as of December 31, 2008 was restated retrospectively to reflect changes according to IFRIC 13 (see note 2.2.1)

(2) Hagemeyer retained entities were consolidated from April 1, 2008.

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

Consolidated statement of comprehensive income

(in millions of euros)	For the year ended December 31 2009	2008
Net income	**81.0**	**231.5**
Foreign currency translation	102.3	(122.3)
Net loss on cash flow hedges	(5.8)	(47.3)
Income tax	0.6	17.4
	(5.2)	(29.9)
Net gain on available for sale financial assets	0.6	0.5
Income tax	-	(0.2)
	0.6	0.3
Other comprehensive income / (loss) for the period, net of tax	*97.7*	*(151.9)*
Total comprehensive income for the period, net of tax	**178.7**	**79.6**
Attributable to:		
Equity holders of the parent	178.6	77.6
Minority interest	0.1	2.0

Consolidated balance sheet

(in millions of euros)	Note	As of December 31 2009	2008 [1]
Assets			
Goodwill	***10.1***	3,759.4	3,654.1
Intangible assets	***10.1***	927.8	927.3
Property, plant & equipment	***10.2***	261.6	317.1
Long-term investments	***10.3***	53.3	53.7
Investments in associate	***10.4***	5.9	-
Deferred tax assets	***9.2***	230.0	251.7
Total non-current assets		**5,238.0**	**5,203.9**
Inventories	***11.1***	1,141.4	1,329.0
Trade accounts receivable	***11.2***	1,901.5	2,363.3
Income tax receivable		32.0	4.0
Other accounts receivable	***11.3***	371.9	477.9
Assets classified as held for sale		10.5	4.6
Cash and cash equivalents	***12***	359.6	807.0
Total current assets		**3,816.9**	**4,985.8**
Total assets		**9,054.9**	**10,189.7**
Equity			
Share capital	***14***	1,291.1	1,280.0
Share premium	***14***	1,392.2	1,409.9
Reserves and retained earnings		720.9	534.4
Total equity attributable to equity holders of the parent		**3,404.2**	**3,224.3**
Minority interests		7.8	24.1
Total equity		**3,412.0**	**3,248.4**
Liabilities			
Interest bearing debt	***19***	2,677.3	3,454.6
Employee benefits	***18***	173.8	175.4
Deferred tax liabilities	***9.2***	221.7	221.7
Provision and other non-current liabilities	***17***	235.4	229.2
Total non-current liabilities		**3,308.2**	**4,080.9**
Interest bearing debt	***19***	77.8	276.1
Accrued interest	***19***	5.7	8.3
Trade accounts payable		1,676.0	1,930.0
Income tax payable		22.9	21.5
Other current liabilities	***21***	552.3	624.5
Total current liabilities		**2,334.7**	**2,860.4**
Total liabilities		**5,642.9**	**6,941.3**
Total equity and liabilities		**9,054.9**	**10,189.7**

[1] Reported balance sheet as of December 31, 2008 was restated retrospectively to reflect changes in the Hagemeyer purchase price allocation according to IFRS 3 provisions (see note 3.1)

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

Consolidated statement of cash flows

(in millions of euros)	*Note*	For the year ended December 31 2009	2008
Cash flows from operating activities			
Operating income		315.8	553.4
Depreciation, amortization and impairment of assets		129.5	196.6
Employee benefits		(17.8)	(15.1)
Change in other provisions		7.3	25.3
Other non-cash operating items		12.0	(96.1)
Interest paid		(149.3)	(186.7)
Income tax paid		(52.7)	(109.8)
Operating cash flows before change in working capital requirements		*244.8*	*367.6*
Change in inventories		232.9	139.0
Change in trade receivables		521.8	185.1
Change in trade payables		(305.5)	(187.4)
Changes in other working capital items		22.4	(3.0)
Change in working capital		*471.6*	*133.7*
Net cash from operating activities		**716.4**	**501.3**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(51.9)	(96.8)
Proceeds from disposal of property, plant and equipment	***7.1***	13.4	88.1
Acquisition of subsidiaries, net of cash acquired	***3.2***	(46.5)	(3,226.2)
Proceeds from disposal of subsidiaries, net of cash disposed		-	905.2
Change in long-term investments		0.5	853.6
Net cash from investing activities		**(84.5)**	**(1,476.1)**
Cash flows from financing activities			
Proceeds from the issue of share capital		0.3	-
Contribution received from minority shareholders		0.7	-
Disposal / (Repurchase) of treasury shares		8.6	(3.3)
Net change in credit facilities and other financial borrowings	***19.2***	(803.6)	1,030.8
Net change in securitization	***19.2***	(236.2)	354.0
Payment of finance lease liabilities	***19.2***	(7.7)	(66.3)
Dividends paid to shareholders and minority interests		(0.3)	(94.4)
Net cash from financing activities		**(1,038.2)**	**1,220.8**
Net (decrease) / increase in cash and cash equivalents		(406.3)	246.0
Cash and cash equivalents at the beginning of the period	***12***	807.0	515.2
Effect of exchange rate changes on cash and cash equivalents		(41.1)	45.8
Cash and cash equivalents at the end of the period	***12***	**359.6**	**807.0**

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

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, 2008	**1,280.0**	**1,409.9**	**553.4**	**(18.8)**	**5.1**	**(8.3)**	**3,221.3**	**6.0**	**3,227.3**
Foreign currency translation	-	-	-	(123.0)	-	-	(123.0)	0.7	(122.3)
Cash flow hedges	-	-	-	-	(29.9)	-	(29.9)	-	(29.9)
Available for sale financial assets	-	-	-	-	0.3	-	0.3	-	0.3
Income and expenses recognized directly in equity	**-**	**-**	**-**	**(123.0)**	**(29.6)**	**-**	**(152.6)**	**0.7**	**(151.9)**
Net income	-	-	230.2	-	-	-	230.2	1.3	231.5
Total comprehensive income for the period	**-**	**-**	**230.2**	**(123.0)**	**(29.6)**	**-**	**77.6**	**2.0**	**79.6**
Share-based payments	-	-	22.0	-	-	-	22.0	-	22.0
Treasury Shares	-	-	-	-	-	(2.2)	(2.2)	-	(2.2)
Dividends paid	-	-	(94.4)	-	-	-	(94.4)	-	(94.4)
Minority interests in companies acquired or sold	-	-	-	-	-	-	-	16.1	16.1
At December 31, 2008	**1,280.0**	**1,409.9**	**711.2**	**(141.8)**	**(24.5)**	**(10.5)**	**3,224.3**	**24.1**	**3,248.4**
Foreign currency translation	-	-	-	102.6	-	-	102.6	(0.3)	102.3
Cash flow hedges	-	-	-	-	(5.2)	-	(5.2)	-	(5.2)
Available for sale financial assets	-	-	-	-	0.6	-	0.6	-	0.6
Income and expenses recognized directly in equity	**-**	**-**	**-**	**102.6**	**(4.6)**	**-**	**98.0**	**(0.3)**	**97.7**
Net income	-	-	80.6	-	-	-	80.6	0.4	81.0
Total comprehensive income for the period	**-**	**-**	**80.6**	**102.6**	**(4.6)**	**-**	**178.6**	**0.1**	**178.7**
Issue of share capital [1]	10.8	(17.7)	6.9	-	-	-	0.0	-	0.0
Share-based payments	0.3	-	5.3	-	-	-	5.6	-	5.6
Treasury shares	-	-	-	-	-	8.4	8.4	-	8.4
Transactions with minority shareholders (see note 3)	-	-	(12.6)	-	-	-	(12.6)	(16.4)	(29.0)
At December 31, 2009	**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.1)**	**3,404.3**	**7.8**	**3,412.1**

[1] Increase in capital relating to free shares issuance

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 (herein after referred to as "the Group" or "Rexel").

The Group is involved in the business of 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). Additionally, the Group also operates the Agencies-Consumer Electronics division (herein after referred to as "ACE") as part of the assets acquired from Hagemeyer in 2008.

The present consolidated financial statements cover the period from January 1, 2009 to December 31, 2009, have been authorized for issue by the Management Board on February 3, 2010 and have been modified by the Management board on February 9, 2010 to include the effect of the settlement with the Ceteco's receivers entered into on February 8, 2010 (see note 22.1). The company acquired Hagemeyer retained entities end of March 2008. Comparative information provided for the year 2008 does include Hagemeyer operations only as from April 1, 2008.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of compliance

These consolidated financial statements (hereafter referred to as "the financial statements") for the period ended December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of December 31, 2009.

2.2 | Basis of preparation

The consolidated financial statements are presented in euro and all values are rounded to the nearest tenth of million except when otherwise stated. Total amounts and sub-totals presented in the consolidated financial statements are computed in thousand euro then rounded to the nearest tenth of a million. Thus, numbers may not sum precisely due to rounding.

They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classified as available-for-sale.

Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 from the date of revision.

Information related to the main estimates and judgments made on the application of accounting policies which have the most significant effect on the financial statements are described in the following notes:

- Business combinations (notes 2.5 and 3),
- Impairment of intangible assets and goodwill (notes 2.5, 2.7 and 10.1),
- Employee benefits (notes 2.13 and 18)
- Provisions and contingent liabilities (notes 2.15, 17 and 22)
- Measurement of financial instruments (notes 2.9.4 and 20)
- Recognition of deferred tax assets (notes 2.19 and 9)
- Measurement of share-based payments (notes 2.14 and 15)

2.2.1 New accounting standards and interpretations in effect starting from 2009

The accounting policies adopted for the year ended December 31, 2009 are consistent with those used in the consolidated financial statements for the financial year ended December 31, 2008, the new standards and interpretations applicable in 2009 and described below having no material impact.

The following new and amended standards and interpretations previously endorsed by the EU were applied for the first time in the financial statements for 2009:

- 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. The information presented in Note 4 in respect of the year 2008 has been restated to comply with this new standard. The only material change is that non operating segments, such as corporate holdings, are now presented as reconciling items between the total of operating segments and the Group consolidated figures whereas they were included in the “Other operations” segment in accordance with IAS 14.
- IFRIC 13 “Customer Loyalty Programs” requires customer loyalty programs to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This portion is then recognized as revenue over the period the award credits are redeemed. Until 2008, the Group used to provide for the estimated future costs of supplying the awards as marketing expenses presented in the line item “distribution and administrative expenses”. The effect of this change on the 2008 income statement is detailed in the table below:

(in millions of euros)	**For the year ended December 31, 2008**
Sales	2.9
Cost of goods sold	(5.8)
Gross profit	**(2.9)**
Distribution and administrative expenses	2.9
Operating income	**-**

The change had no material effect on the balance sheet as of January 1, 2008 or December 31, 2008.

The following amended standards and interpretations endorsed by the EU are also applicable for the first time in the financial statements for 2009 but their adoption had no material effect on the Group’s reporting:

- IAS 1 “Presentation of Financial Statements” has been amended to enhance the usefulness of information presented in the financial statements. The key change is the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with other comprehensive income.

- IAS 23 “Borrowing Costs” has been revised to eliminate the option of expensing all borrowing costs and requires these costs to be capitalized if they are directly attributable to the acquisition, construction, or production of a qualifying asset.
- Amendment to IFRS 2 “Share-based Payment” – Vesting Conditions and Cancellations clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled.
- Amendment to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements” – Puttable Financial Instruments and Obligation Arising on Liquidation allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified features.
- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and amendment to IAS 27 “Consolidated and Separate Financial Statements” – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate that states the valuation principles for such investments in separate financial statements;
- Amendments to IFRS 7 "Financial Instruments - Disclosures" - Improving Disclosures about Financial Instruments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used. In addition, the amendments enhance disclosure requirements on the nature and extent of liquidity risk arising from financial instruments to which the entity is exposed.
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded derivatives clarifies the treatment of these derivatives on reclassification of a financial asset out of the "at fair value through profit and loss" category.
- Improvements to IFRSs, issued in May 2008, introducing changes to several standards.

The Group elected to apply by anticipation the interpretation IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”, including the amendment of §14 from improvement to IFRS issued by the IASB in April 2009, which clarifies such use of hedge accounting. It became effective for financial years beginning on or after October 1, 2008 and had no material effect on the Group’s financial statements.

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

The Group elected not to apply by anticipation the following new and amended standards and interpretations endorsed by the EU:

- Improvements to IFRSs issued in May 2008 in respect of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” will be effective for financial years beginning on or after July 1, 2009. The amendment will have to be applied on a prospective basis only.
- Revised IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements” issued in January 2008 change some of the accounting principles for business combinations. They will be effective for financial years beginning on or after July 1, 2009 and mainly apply to new business combinations on a prospective basis.
- Amendment to IAS 39 “Financial instruments: recognition and measurement – Eligible hedged items” issued in July 2008 and will be effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as hedged risk or portion in a particular situation and is not expected to have a material impact on the Group’s financial statements.
- Amendment to IAS 32 "Financial Instruments - Presentation" - Classification of Rights Issues addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment issued today requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. This amendment will be effective for financial years beginning on or after February 1, 2010, does not apply to Rexel and is not expected to have a material impact on the Group’s financial statements.
- IFRIC 15 “Agreements for Construction of Real Estate”, IFRIC 17 “Distribution of Non-cash Assets to Owners” and IFRIC 18 “Transfer of Assets from customers” will be effective for financial years beginning

on or after January 1, 2010, November 1, 2009 and November 1, 2009 respectively and are not expected to have a material impact on the Group's financial statements

2.3 | Basis of consolidation

Subsidiaries and associates

Subsidiaries (including special purpose entities) are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, presently or potentially, exercisable voting rights are taken into account.

Entities over which the Group has a significant influence are accounted for using the equity method.

The financial statements of subsidiaries are included in the financial statements from the date control is obtained until the date control ceases.

Inter-company transactions

Inter-company balances, unrealized gains and losses, and income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements.

Minority interests

Minority interests represent the portion of profit and loss and net assets not held by the Group. They are presented separately in the income statement and separately from equity attributable to equity holders of the parent.

2.4 | Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the Euro.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied (see note 2.9.5). Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in equity. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

2.5 | Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Under this method, the purchase price is allocated to assets acquired, liabilities and contingent liabilities assumed based on their estimated fair values as of the acquisition date. Any excess of the purchase price over the estimated fair value of the net assets acquired is allocated to goodwill. The estimate of the fair value of the net assets acquired is subject to revision as additional information becomes available within a twelve-month period starting from the acquisition date.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment or as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.7).

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.7).

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 0.8% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition.

Computer software purchased for routine processing operations is recognized as an intangible asset. Internally developed software which enhances productivity is capitalized.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from five to ten years.

2.6 | Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.7).

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Leased assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the lower of fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.7). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of assets are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

Commercial and office buildings	20 to 35 years
Building improvements and operating equipment	5 to 10 years
Transportation equipment	3 to 8 years
Computers and hardware	3 to 5 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 | Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.8), trade and other accounts receivable (see note 2.9.3), and deferred tax assets (see note 2.19), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

The recoverable amount of intangible assets that have an indefinite useful life and of intangible assets that are not yet available for use is estimated annually or as soon as there is an indication of impairment.

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

An impairment loss is recognized whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a *pro rata* basis.

<u>*Calculation of the recoverable amount*</u>

The recoverable amount of the Group’s investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets) when the effect is material.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group performs impairment tests of goodwill at the country level, which represents the lowest level within the entity at which operations are monitored by management for the purpose of measuring return on investment.

<u>*Reversal of impairment losses*</u>

An impairment loss in respect of a held-to-maturity security or receivable carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses in respect of goodwill may not be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 | Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

2.9 | Investments

2.9.1 Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are classified as assets available-for-sale and measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in equity and transferred to profit or loss when the asset is sold or permanently impaired.

2.9.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The fair value of financial instruments classified as held for trading is their quoted bid price at the balance sheet date. Change in fair value is recognized in profit or loss.

2.9.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 2.12) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

2.9.4 Derivative financial instruments

Derivative financial instruments that qualify for hedge accounting according to IAS 39 are classified as hedges. The derivative financial instruments that do not qualify for hedge accounting, although set up for the purpose of managing risk (the Group's policy does not authorize speculative transactions), are designated as and accounted for as trading instruments.

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.9.5). They are counted as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks.

In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 7.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The assumptions used are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 7.

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

2.9.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognized).

For cash flow hedges, other than those covered by the two preceding policy statements, the associated cumulative gain or loss is removed from equity and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point is retained in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain or loss recognized in equity is recognized immediately in profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of monetary assets and liabilities denominated in foreign currency

When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognized monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognized in profit or loss (“natural hedge”).

2.9.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

2.10 | Non-current assets held for sale and discontinued operations

Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

2.11 | Share capital

Repurchase of equity instruments

When an equity instrument is repurchased by the entity, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognized as a liability in the period in which the distribution has been approved by the shareholders.

2.12 | Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

Effective interest rate

The effective interest rate is the rate that exactly discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the financial liability. Transaction costs include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

Net financial debt

Net financial debt includes interest-bearing borrowings and accrued interest less cash and cash equivalents.

2.13 | Employee benefits

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

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

- post-employment benefits including pensions, medical benefits after retirement and severance payments,
- other long-term benefits (during employment) mainly including jubilees and long service leaves.

These benefits are classified as either:

- defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or
- defined benefit plans when the employer guarantees a future level of benefits.

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs.

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

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

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

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

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

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted at a rate equal to the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations.

Actuarial gains and losses are immediately recognized in the income statement.

2.14 | Share-based payment transactions

Free shares and stock option programs allow the Group employees to acquire shares of the Group entities. The fair value of options granted is recognized as a personnel expense with a corresponding increase in other reserves in equity (when the plan qualifies as equity-settled) over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on Group's estimates of the acquired equity instruments in accordance with conditions of granting.

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

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

2.15 | Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in “Other expenses”. Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when it is considered that the assessment is not justified or when there is a reasonable probability that the Group will succeed in convincing the tax authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

2.16 | Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the group's warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

2.17 | Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 2.9.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

2.18 | Other income and other expenses

Operating items which significantly affect the current operating performance before financial items and taxation are presented as separate line items "Other income" and "Other expenses". Income and expenses arising from abnormal or unusual events are included in these line items. They comprise capital gains and losses, significant impairment losses, certain restructuring expenses, separation costs and other items such as significant provisions for litigation.

2.19 | Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Information as to the calculation of income tax on the profit for the periods presented is included in note 9.

2.20 | Segment reporting

A segment is a group of assets and operations that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates in the single business segment of the distribution of electrical products so that the Group only discloses segment reporting information for geographical segments.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, and the absence of special risks associated with operations in the various areas where the group operates. Segments are also determined to be similar when they exhibit similar long-term financial performance. In addition, operations, which are deemed non-material, non-specific, unallocated, or non-core are presented under the segment 'other operations'.

2.21 | Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertibles notes and share options granted to employees.

3. | BUSINESS COMBINATIONS

3.1 | Hagemeyer Acquisition

Completion of the purchase price allocation

In the first quarter of 2009, Rexel completed the purchase price allocation to the identifiable assets and liabilities acquired from Hagemeyer and recorded certain adjustments to goodwill as determined on a provisional basis as of December 31, 2008. Thus, the balance-sheet as of December 31, 2008 was adjusted retrospectively for comparison purposes.

As of December 31, 2009, the final allocation of the Hagemeyer purchase price is as follows:

(in millions of euros)	
Preliminary goodwill on acquisition as at December 31, 2008	**1,189.1**
Adjustment on provision and other non-current liabilities....................	5.8
Deferred tax adjustment..	(14.3)
Others..	0.1
Final goodwill on acquisition as at December 31, 2009	**1,180.7**

Acquisition of non-controlling interests in Hagemeyer

Following completion of the public take over on the Hagemeyer securities in 2008, Rexel initiated a squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining shares not tendered to the public take-over and not held by Kelium or Hagemeyer. The Enterprise Chamber of Amsterdam (in The Netherlands) awarded Kelium the right to compulsorily acquire all remaining Hagemeyer shares. The Enterprise Chamber set the acquisition price at €4.85 per remaining share (the take-over price) plus accrued interest computed as per Dutch statutory interest for the period from March 14, 2008 (the settlement date under the Offer), until the day on which the shares are transferred to Kelium resulting in a payment of €5.18 per share. In this respect, Rexel acquired in the second quarter of 2009, the remaining outstanding 5,085,965 shares for a total consideration of €26.3 million. Thus, as of December 31, 2009, Rexel, through Rexel Distribution, holds the full ownership of Hagemeyer NV, following the merger with Kelium, the entity which initiated the public offer, effective on July 31, 2009.

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the minority interests acquired and the fair value of the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €9.2 million.

3.2 | Other acquisitions

Xidian

In the first half of 2009, Rexel completed the acquisition of 63.5% of the shares of Xidian (China) for a total consideration of CNY41.0 million (€4.7 million) net of cash acquired. Following the take-over, Xidian proceeded to a share capital increase of CNY18.0 million (€2.1 million) that was subscribed by Rexel proportionally to its ownership interest in the company. Goodwill arising on this acquisition was €4.2 million.

Huazhang

Pursuant to a share purchase agreement entered into on March 2, 2007 with Huazhang Overseas Holding Inc. as seller, Rexel exercised its call option and increased from 51% to 70% its shareholding interest in Huazhang Electrical Automation Co.Ltd, a Hong Kong based company that distributes automatisms and industrial equipment controls in Hong Kong and Western China. The transaction was executed on July 10, 2009 for a consideration of CNY 34.6 million which was settled for USD 5.1 million (€3.6 million).

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the minority interests acquired and the fair value of the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €3.4 million.

The above transactions are not deemed to be material on the financial situation of the Group. As a result, neither sales nor profit and loss have been provided for the combined entities, had these acquisitions been effective on January 1, 2009.

4. | SEGMENT REPORTING

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's financial reporting structure. The Group's financial reporting is organised into geographical areas for its electrical equipment distribution business while non-core operations and certain businesses managed directly at Group level are reported independently. The Group financial reporting is regularly reviewed by the Management board acting as the Chief operating decision maker.

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific zone, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution business in Chile and other operations such as the Agencies / Consumer Electronics division and businesses managed at Group level.

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 December 31, 2009 and December 31, 2008

2009

(in millions of euros)	**Europe**	**North America**	**Asia Pacific**	**Other segments**	**Total Operating Segments**	**Corporate Holdings**	**Total Group**
Income statement items							
Sales to external customers	6,705.1	3,315.4	847.7	439.1	**11,307.3**	-	**11,307.3**
Depreciation	(50.9)	(23.5)	(3.4)	(3.9)	**(81.7)**	(1.9)	**(83.6)**
EBITA [1]	339.7	83.0	46.1	15.6	**484.4**	(15.0)	**469.4**
Goodwill impairment	(18.1)	-	-	-	**(18.1)**	-	**(18.1)**
Cash flow statement item							
Capital expenditures net of disposals	(20.3)	(12.2)	(1.8)	(2.8)	**(37.1)**	(1.3)	**(38.4)**
Balance sheet items							
Working capital	730.8	320.2	101.5	57.5	**1,210.0**	(10.7)	**1,199.3**
Goodwill	2,602.0	931.1	217.9	8.4	**3,759.4**	-	**3,759.4**

2008

(in millions of euros)	**Europe**	**North America**	**Asia Pacific**	**Other segments**	**Total Operating Segments**	**Corporate Holdings**	**Total Group**
Income statement items							
Sales to external customers	7,168.5	4,404.8	882.9	408.3	**12,864.5**	-	**12,864.5**
Depreciation	(51.0)	(23.9)	(3.2)	(3.0)	**(81.1)**	(4.3)	**(85.4)**
EBITA [1]	359.8	217.1	62.5	25.1	**664.5**	(17.4)	**647.1**
Goodwill impairment	(76.2)	-	(11.2)	-	**(87.4)**	-	**(87.4)**
Cash flow statement item							
Capital expenditures net of disposals	14.2	(15.6)	(4.5)	(4.2)	**(10.1)**	1.4	**(8.7)**
Balance sheet items							
Working capital	942.2	530.1	85.2	71.8	**1,629.3**	(11.2)	**1,618.1**
Goodwill	2,575.0	902.2	174.0	2.9	**3,654.1**	-	**3,654.1**

[1] EBITA is defined as operating income before other income, other expenses and amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.

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

(in millions of euros)	For the year ended December 31	
	2009	**2008**
EBITA - Total Group……………………………………….	**469.4**	**647.1**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities..	(19.2)	(17.1)
Other income and other expenses………………………..	(134.4)	(76.6)
Net financial expenses…………………………………..	(203.1)	(210.2)
Group consolidated income before income tax…...	**112.7**	**343.2**

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

(in millions of euros)	For the year ended December 31	
	2009	**2008**
Working capital…………………………………………….	1,199.3	1,618.1
Goodwill…………………………………………………….	3,759.4	3,654.1
Total allocated assets & liabilities …………………….	**4,958.7**	**5,272.2**
Liabilities included in allocated working capital……………	2,214.3	2,546.2
Fixed assets………………………………………………..	1,248.6	1,298.1
Deferred tax assets………………………………………	230.0	251.7
Income tax receivable……………………………………..	32.0	4.0
Assets classified as held for sale…………………………	10.5	4.6
Derivatives………………………………………………….	1.2	5.9
Cash and cash equivalents……………………………….	359.6	807.0
Group consolidated total assets………………………	**9,054.9**	**10,189.7**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31	
	2009	**2008**
Personnel costs (salaries & benefits) ………………………	1,322.5	1,395.7
Building and occupancy costs ………………………………	281.1	275.7
Other external costs …………………………………………	555.7	616.1
Depreciation expense ………………………………………	83.7	85.4
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities ..	19.2	17.1
Bad debt expense ……………………………………………	57.1	39.4
Total distribution and administrative expenses	**2,319.3**	**2,429.4**

6. | SALARIES & BENEFITS

(in millions of euros)	For the year ended December 31 2009	2008
Salaries and social security charges	1,278.2	1,345.5
Share-based payments	3.0	2.7
Pension and other post-retirement benefits-defined benefit plans	15.7	14.8
Other employee benefits	25.6	32.7
Total employee expenses	**1,322.5**	**1,395.7**

7. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended December 31 2009	2008
Capital gains	4.7	119.9
Write-back asset impairment	0.1	3.0
Release of unused provisions	15.3	1.4
Other operating income	13.0	0.1
Total other income	**33.1**	**124.4**
Restructuring costs	(115.3)	(75.6)
Loss on non-current assets disposed of	(13.0)	(3.6)
Costs related to transactions following the IPO	(2.3)	(19.7)
Goodwill & intangible assets impairment	(18.1)	(87.4)
Tangible assets impairment	(8.4)	(9.7)
Other operating expenses	(10.4)	(5.0)
Total other expenses	**(167.5)**	**(201.0)**

7.1 | Other income

Capital gains

In 2009, capital gains include proceeds from disposal of a building in China for €1.5 million and four branches, two in the United-States for €1.9 million and two in the United-Kingdom for €0.2 million.

In 2008, capital gains mainly included a €104.9 million gain related to the disposal of Rexel historical business in Germany to Sonepar as part of the Hagemeyer transaction. Capital gains also included for an amount of €10.1 million the disposal of finance lease contracts relating to seven logistic centers in France.

Write-back of asset impairment

In 2009, there was no material write-back of asset impairment. In 2008, the €3.0 million write-back of asset impairment was related to the national distribution center in Portugal which recoverable amount became higher than its carrying value before impairment.

Release of unused provisions

In 2009, this line-item mainly includes a release of €13.8 million of the unused portion of the reserve relating to the bankruptcy of Ceteco, a subsidiary of Hagemeyer N.V, as a result of a settlement entered into by Hagemeyer N.V. with among several parties, the receivers of Ceteco on February 8, 2010 (see note 22.1 Ceteco litigation).

Other operating income

In 2009, other operating income includes : (i) the effect of a €2.6 million curtailment gain relating to the retirement indemnity plan in France, and recorded as part of the restructuring of operations and the departure of a significant number of employees, (ii) €5.5 million due to the measurement at fair value of financial assets in relation with the investment in DPI Inc (see note 10.4) accounted for as an associate, (iii) €3.4 million repayment to be received from Sonepar in relation to the sale of the 6 Hagemeyer German branches in 2008, and (iv) a €0.7 million price adjustment on the disposal of Eastern Electrical (Ireland), a former subsidiary of Hagemeyer, to Edmundson following the decision rendered by the European Union antitrust authority as part of the conditions precedent to the acquisition of Hagemeyer by Rexel.

7.2 | Other expenses

Restructuring costs

In 2009, this line-item includes €115.3 million relating to integration costs following Hagemeyer acquisition and restructuring costs to adapt to current trading. These costs are mainly relating to downsizing of distribution network and workforce adaptation, and are detailed by geographical area as follows:

- Europe: €90.6 million, of which €24.6 million in France, €23.7 million in Spain, €6.7 million in the United Kingdom, €6.4 million in the Netherlands, €6.3 million in Germany and €6.3 million in Sweden,
- North America: €19.5 million, of which €17.5 million in USA
- Asia Pacific: €2.5 million
- Corporate holdings: €2.7 million

In 2008, restructuring and implementation costs have reached €75.6 million and were mainly related to the integration of Hagemeyer for €40.0 million, reorganization costs in France for €13.2 million, in the United States for €13.0 million and integration costs of Gexpro for €6.1 million.

Loss on non-current assets disposed of or written-off

In 2009, loss on non-current assets disposed of and written-off is comprised of the loss on disposal, in April 2009, of operations in Hungary for €4.0 million, the write-off of IT licences in France for €4.1 million and the write-off of branches in Spain for €3.4 million as a result of the downsizing of the business.

Costs related to transactions following the IPO

Costs related to transactions following IPO concerns the free shares scheme implemented at the time of the IPO for €2.3 million in 2009 (€19.7 million in 2008). This non-cash expense has been determined according to provisions of IFRS 2 (“Share-based payments”).

Goodwill and intangible assets impairment

In 2009, goodwill impairment was €18.1 million, of which €10.0 million in Slovakia, €4.6 million in Finland and €3.7 million in Ireland pursuant to the results of impairment testing carried-out in 2009 (see note 10.1).

In 2008, goodwill and intangible assets impairment amounted to €87.4 million and concerned Spain for €29.0 million, Czech Republic for €20.8 million, Italy for €17.8 million, New- Zealand for €11.2 million, Finland for €4.8 million and Poland for €3.8 million.

Tangible assets impairment

In 2009, impairments on buildings and fixed assets were recognized for €3.5 million in Latvia, €1.7 million in Belgium, €1.6 million in Spain, €0.6 million in Italy and €0.4 million in the USA to bring the carrying value of the related assets to fair value less costs to sell before being classified as assets held for sale.

In 2008, further to goodwill impairment, tangible assets were written-down to their recoverable amount for €9.7 million, mainly in Italy, Czech Republic, Poland and Latvia.

Other operating expenses

For the year ended December 31, 2009, this line-item mainly includes the effect of a VAT reassessment for €6.5 million, a payroll tax exposure in France for €2.5 million and costs incurred in connection with the disposal of certain assets to Sonepar for €1.0 million.

For the year ended December 31, 2008, other costs reached €5.0 million and were mainly related to direct costs incurred in connection with the Employee Share Purchase Plan which had to be cancelled due to unfavorable stock market conditions

8. | FINANCIAL EXPENSES (NET)

Net financial expenses are comprised of the following items:

(in millions of euros)	For the year ended December 31	
	2009	**2008**
Expected return on employee benefit plan assets	39.8	43.8
Interest income on cash and cash equivalents	3.2	4.1
Interest income on receivables and loans	2.6	2.7
Gain on financial instruments held for trading	2.1	11.8
Other financial income [1]	-	12.3
Financial income	**47.7**	**74.7**
Interest expense on financial debt (stated at amortized costs) :	(136.0)	(224.3)
- Senior debt	*(82.7)*	*(157.2)*
- Senior Subordinated Notes and indexed Bonds	*(1.5)*	*(0.6)*
- Securitization	*(23.1)*	*(47.0)*
- Other financing	*(11.2)*	*(16.1)*
- Finance leases	*(2.1)*	*(3.1)*
- Amortization of transaction costs	*(15.4)*	*(28.6)*
- less arrangement fees and interests recharged to Sonepar [2]	-	*28.3*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(36.8)	(3.5)
Change in fair value through profit and loss (foreign exchange rate)	(8.2)	(6.0)
Ineffectiveness of cash flow hedge derivatives	-	(0.1)
Foreign exchange gain (loss) on financial liabilities	7.8	9.1
Interest expense on borrowings	**(173.2)**	**(224.8)**
Write-off of transaction costs [3]	(21.2)	(11.0)
Refinancing costs	**(21.2)**	**(11.0)**
Interest cost of employee benefit obligation and other long-term liabilities	(51.8)	(45.2)
Financial expenses (other)	(4.6)	(3.9)
Other financial expenses	**(56.4)**	**(49.1)**
Financial expenses (net)	**(203.1)**	**(210.2)**

(1) In 2008, interest received on loans granted to the Sonepar entities until their effective date of disposal to Sonepar

(2) 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 and recharged to Sonepar according to the 23 October 2007 Agreement.

(3) In 2009, write off following December 2009 refinancing (for €16.4 million) and following July 2009 amendment to the 2008 Senior Credit Agreement (for €4.8 million). In 2008, the €11 million write off related to March 2008 refinancing following Hagemeyer acquisition.

9. | INCOME TAX

Rexel and its French subsidiaries have formed a tax group from January 1, 2006. Rexel uses tax consolidation in other countries where similar options exist.

9.1 | Income tax expense

(in millions of euros)	For the year ended December 31 2009	2008
Current tax	(11.4)	(97.1)
Deferred tax	(20.3)	(14.6)
Total income tax expense	**(31.7)**	**(111.7)**

9.2 | Deferred tax assets and liabilities

Changes in net deferred tax assets are as follows:

(in millions of euros)	2009	2008
At the beginning of the period	**30.0**	**(34.1)**
Net income	(20.3)	(14.6)
Change in consolidation scope	(0.2)	59.2
Translation differences	(1.8)	2.7
Other changes	0.6	16.8
At the end of the period	**8.3**	**30.0**

For the year ended December 31, 2008, change in consolidation scope were essentially related to Hagemeyer's acquisition. Other changes consisted essentially of tax effect on fair value of derivative instruments recognized directly as equity (€17.4 million) in 2008.

Deferred tax assets and liabilities are broken down as follows:

(in millions of euros)	As of December 31 2009	2008
Intangible assets	(249.4)	(253.7)
Property, plant and equipment	14.8	15.8
Financial assets	3.7	1.7
Trade accounts receivable	14.3	9.7
Inventories	2.7	2.9
Employee benefits	44.1	44.8
Provisions	29.5	21.8
Financing fees	(10.1)	0.4
Other items	20.9	19.5
Tax losses carried forward	365.1	268.4
Deferred tax assets / (liabilities), net	**235.6**	**131.3**
Valuation allowance on deferred tax assets	(227.3)	(101.3)
Net deferred tax assets / (liabilities)	**8.3**	**30.0**
of which deferred tax assets	230.0	251.7
of which deferred tax liabilities	(221.7)	(221.7)

The valuation allowance on deferred tax assets totalling €227.3 million as of December 31, 2009 (€101.3 million as of December 31, 2008) results from the recoverable amount of net deferred tax assets assessed by tax entity over the next 5 years. Valuation allowance at December 31, 2009 is mainly related to tax losses carried in France, in the United-Kingdom and in Spain.

In France, according to 2010 French Finance Law, the French local business tax ("taxe professionnelle") was replaced by a tax on companies' value added (Cotisation sur la Valeur Ajoutée des Entreprises "CVAE"). The Group elected to consider this tax, calculated on a net amount of incomes and expenses, as income tax as defined in IAS 12 "Income tax" and the related expense will be presented on the line-item "income tax" beginning on January 1, 2010. The Group considers that the CVAE has similar characteristics with other taxes abroad, like the IRAP in Italy, already included in the scope of IAS 12. In addition, since assets depreciation expense is not included in the value added calculation (which is the tax basis of this new tax), a deferred tax liability on net assets of the relevant entities should be recognized. As the related deferred tax liability is not material at December 31, 2009, this amount was not recognized.

9.3 | Effective tax rate

(in millions of euros)	**2009**	**2008**
Income before tax	112.7	343.2
Theoretical tax rate	*34.4%*	*34.4%*
Income tax calculated at the theoretical tax rate	(38.8)	(118.2)
Effect of tax rates in foreign juridictions	13.0	16.8
Effect of tax rate variations	4.0	0.1
Effect of current year losses unrecognized	(53.5)	(16.7)
Effect of non-deductible expenses, tax exempt revenues..	43.6	6.3
Actual income tax expense	**(31.7)**	**(111.7)**
Effective tax rate	***28.1%***	***32.5%***

In 2009, non deductible expenses and tax exempt revenues mainly included tax gain resulting from financial restructuring and legal reorganisation within the group for an amount of €76.7 million partially offset by tax reassessment in France (see note 22.2) for an amount of €18.8 million.

In 2008, non deductible expenses and tax exempt revenues essentially included the favourable effects of the non-taxable gain on disposal of Rexel's business in Germany for an amount of €30.3 million partially compensated by the effect of non-deductible goodwill impairment and free shares expense for respectively €14.0 million and €7.6 million.

10. | LONG-TERM ASSETS

10.1 | Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks and banners	Software and intangible assets with finite useful lives[(1)]	**Total intangible assets**	**Goodwill**
Gross carrying amount as of January 1, 2008 ……………………………………….	**185.6**	**403.8**	**260.5**	**849.9**	**2,641.1**
Effect of acquisitions and divestitures …………	-	171.3	150.6	**321.9**	**1,221.8**
Additions …………………………………………	-	-	21.2	**21.2**	**-**
Disposals …………………………………………	-	-	(4.1)	**(4.1)**	**-**
Exchange differences ……………………………	-	(25.4)	(15.8)	**(41.2)**	**(152.1)**
Other changes [(2)] …………………………………	-	-	(85.1)	**(85.1)**	**56.6**
Gross carrying amount as of December 31, 2008 ……………………….	**185.6**	**549.7**	**327.2**	**1,062.5**	**3,767.4**
Effect of acquisitions and divestitures …………	-	-	(0.4)	**(0.4)**	**(5.9)**
Additions …………………………………………	-	-	20.4	**20.4**	**-**
Disposals …………………………………………	-	-	(8.2)	**(8.2)**	**-**
Exchange differences ……………………………	-	18.8	11.6	**30.4**	**119.5**
Other changes ……………………………………	-		(1.7)	**(1.7)**	**(11.7)**
Gross carrying amount as of December 31, 2009 ……………………….	**185.6**	**568.5**	**348.9**	**1,103.0**	**3,869.3**
Accumulated amortization and depreciation as of January 1, 2008 …….	**-**	**-**	**(163.9)**	**(163.9)**	**(32.8)**
Change in consolidation scope …………………	-	-	(13.4)	**(13.4)**	**-**
Amortization expense ……………………………	-	-	(42.1)	**(42.1)**	**-**
Impairment losses ………………………………	-	-	(4.1)	**(4.1)**	**(85.0)**
Decrease of amortization ………………………	-	-	2.0	**2.0**	**-**
Exchange differences ……………………………	-	-	2.3	**2.3**	**4.5**
Other changes [(2)] …………………………………	-	-	84.0	**84.0**	**-**
Accumulated amortization and depreciation as of December 31, 2008 ..	**-**	**-**	**(135.2)**	**(135.2)**	**(113.3)**
Change in consolidation scope …………………	-	-	0.9	**0.9**	**11.0**
Amortization expense ……………………………	-	-	(42.4)	**(42.4)**	**-**
Impairment losses [(3)] ……………………………	-	-	(0.3)	**(0.3)**	**(18.1)**
Decrease of amortization ………………………	-	-	3.6	**3.6**	**-**
Exchange differences ……………………………	-	-	(2.3)	**(2.3)**	**(0.8)**
Other changes ……………………………………	-	-	0.5	**0.5**	**11.3**
Accumulated amortization and depreciation as of December 31, 2009 ..	**-**	**-**	**(175.2)**	**(175.2)**	**(109.9)**
Carrying amount at January 1, 2008	**185.6**	**403.8**	**96.6**	**686.0**	**2,608.3**
Carrying amount at December 31, 2008	**185.6**	**549.7**	**192.0**	**927.3**	**3,654.1**
Carrying amount at December 31, 2009	**185.6**	**568.5**	**173.7**	**927.8**	**3,759.4**

(1) Including customer relationships for a net book value of €46.1 million as of December 31, 2009.

(2) Other changes relate to write off of softwares and consist of a transfer of accumulated amortization that was eliminated against gross carrying amount for €85.0 million.

(3) Goodwill impairment in Ireland, Slovakia and Finland (see note 7.2)

Goodwill arising in a business combination represents future economic benefits arising from assets that are not capable of being identified individually according to IFRS, such as market shares, the assembled work force, the potential to develop existing businesses and synergies anticipated from the combination. In the wholesale business, such synergies notably include those expected in terms of purchasing, logistics, network density and administration. For impairment testing, goodwill and other intangible assets (strategic partnerships, distribution network and banners) with indefinite useful life have been allocated to the following cash-generating units:

Cash-generating units (in millions of euros)	**Reportable segment**	**As at December 31, 2009**			**As at December 31, 2008**		
		Goodwill	**Other intangible assets** [1]	**Total**	**Goodwill**	**Other intangible assets** [1]	**Total**
France	Europe	945.6	169.4	1,115.0	945.0	169.4	1,114.4
United States of America	North America	511.6	73.0	584.6	528.9	75.5	604.4
Canada	North America	419.5	67.0	486.5	373.3	59.6	432.9
The Netherlands	Europe	196.7	17.3	214.0	196.7	17.3	214.0
Sweden	Europe	174.5	18.3	192.8	164.5	17.3	181.8
Germany	Europe	171.3	51.7	223.0	171.3	51.7	223.0
United-Kingdom	Europe	174.7	57.6	232.3	163.6	53.7	217.3
Norway	Europe	180.7	14.9	195.6	153.8	12.7	166.5
Australia	Asia-Pacific	152.0	24.2	176.2	120.6	19.1	139.7
Switzerland	Europe	152.2	28.4	180.6	152.1	28.4	180.5
Others	-	680.6	232.3	912.9	684.3	230.6	914.9
Total		3,759.4	754.1	4,513.5	3,654.1	735.3	4,389.4

[1] Intangible assets with indefinite useful lives

<u>Key assumptions used in value-in-use computations</u>

Cash-flow projections used to calculate the value-in-use of each cash-generating unit are based on the three-year strategic plan reviewed by Senior Management in June 2009 and updated where necessary in December 2009. Cash-flows are extrapolated over a period of five years and take into account a terminal value. A single perpetual growth rate of 2.0% was used to calculate the terminal value, identical to the rate used in 2008. This rate extrapolates the expected long term inflation on mature markets and is not subject to short term variations.

The calculation of value-in-use of cash generating units is mostly sensitive to the discount rate used. The discount rate was determined on the basis of the weighted average cost of capital after tax calculated for each country. The weighted average cost of capital reflects the time value of the money and the risk specific to the asset for which cash flow projections have not already been adjusted, considering the financial structure and financing conditions of an average market participant.

The following discount rates were used to assess the value-in-use:

	2009	2008
France	7.5%	7.8%
United States of America	6.9%	7.6%
Canada	6.9%	7.3%
The Netherlands	8.1%	8.3%
Sweden	7.8%	8.5%
Germany	7.4%	7.8%
United-Kingdom	8.2%	8.8%
Norway	8.4%	8.8%
Australia	8.9%	9.8%
Switzerland	6.8%	7.2%
Others	7.6% to 14.0%	7.9% to 12.2%

As a result of the test, an impairment loss of €18.1 million was recognized in 2009 (€85.0 million in 2008) with regard to the goodwill in Slovakia (€10.0 million), in Finland (€4.6 million), and in Ireland (€3.7 million) due to the deterioration of market conditions.

Sensitivity analysis

With regard to the assessment of value-in-use of goodwill and other intangible assets, the Group believes that no reasonably possible changes in the discount rate (lesser or equal to 50 basis points) would cause the carrying value of the above cash-generating units to materially exceed its recoverable amount except for Norway. For this cash-generating unit, an increase in the discount rate by 20 basis points would cause the estimated recoverable amount to equal the carrying value of the cash-generating-unit including goodwill and other intangible assets with indefinite useful life.

In addition, a 50 basis points increase in the discount rate applied to the value-in-use of the overall cash-generating units would translate in an €28 million additional impairment expense.

10.2 | Property, plant & equipment

(in millions of euros)	Land & Buildings	Plant & Equipment	Other tangible assets	**Total property, plant and equipment**
Gross carrying amount as of January 1, 2008 ………………………………………..	**195.8**	**519.8**	**27.2**	**742.8**
Effect of acquisitions and divestitures …………..	122.4	169.6	2.5	**294.5**
Additions …………………………………………….	9.7	50.6	6.6	**66.9**
Disposals …………………………………………….	(100.7)	(52.5)	(1.8)	**(155.0)**
Exchange differences …………………………….	(9.8)	(19.5)	(3.6)	**(32.9)**
Other changes …………………………………….	(3.1)	(30.0)	(2.8)	**(35.9)**
Gross carrying amount as of December 31, 2008 ……………………………..………	**214.3**	**638.0**	**28.1**	**880.4**
Effect of acquisitions and divestitures …………..	(0.1)	(0.7)	-	**(0.8)**
Additions …………………………………………….	2.6	24.3	3.7	**30.6**
Disposals …………………………………………….	(16.9)	(39.3)	(2.0)	**(58.2)**
Exchange differences …………………………….	2.9	17.1	2.0	**22.0**
Other changes …………………………………….	(18.7)	(2.6)	(2.0)	**(23.3)**
Gross carrying amount as of December 31, 2009 …………………………………..	**184.1**	**636.8**	**29.8**	**850.7**
Accumulated depreciation and amortization as of January 1, 2008 …...	**(66.9)**	**(383.7)**	**(20.1)**	**(470.7)**
Amortization expense …………………………….	(44.3)	(118.1)	(0.3)	**(162.7)**
Depreciation expense …………………………….	(8.8)	(48.8)	(2.8)	**(60.4)**
Impairment losses ………………………………...	0.7	(4.3)	(1.4)	**(5.0)**
Release …………………………………………….	39.3	39.8	1.5	**80.6**
Exchange differences …………………………….	3.9	15.2	2.7	**21.8**
Other changes …………………………………….	0.5	31.2	1.4	**33.1**
Accumulated depreciation and amortization as of December 31, 2008…………………………………………...	**(75.6)**	**(468.7)**	**(19.0)**	**(563.3)**
Change in consolidation scope ……………………		0.6	0.2	**0.8**
Depreciation expense…………………………….	(9.5)	(48.1)	(3.2)	**(60.8)**
Impairment losses…………………………………	(7.2)	(0.3)	(0.4)	**(7.9)**
Release …………………………………………….	7.2	34.6	1.9	**43.7**
Exchange differences …………………………….	(1.2)	(13.4)	(1.2)	**(15.8)**
Other changes …………………………………….	8.9	5.2	0.1	**14.2**
Accumulated depreciation and amortization as of December 31, 2009 .	**(77.4)**	**(490.1)**	**(21.6)**	**(589.1)**
Carrying amount at January 1, 2008	**128.9**	**136.1**	**7.1**	**272.1**
Carrying amount at December 31, 2008	**138.7**	**169.3**	**9.1**	**317.1**
Carrying amount at December 31, 2009	**106.7**	**146.7**	**8.2**	**261.6**

Impairment of property, plant and equipment

In 2009, impairment losses represented the write down of certain property, plant and equipment to bring the net book value to the recoverable amount which was recognised in the income statement in the line "other expense – asset impairment" (see notes 2.18 and 7.2). The recoverable amount was based on value in use and was determined at the level of the cash generating unit, mainly Latvia, Belgium, Spain and Italy. In 2008, the cash generating units concerned by impairment losses were Italy, Czech Republic and Poland.

Assumptions used to measure the value in use of tangible assets were identical to those factored for goodwill impairment purposes.

10.3 | Long-term investments

	As of December 31	
(in millions of euros)	**2009**	**2008**
Loans …………………………………………………………	0.1	2.3
Deposits ………………………………………………………..	7.5	5.8
Other financial assets ………………………………………	45.7	45.6
Long-term investments ……………………………….	**53.3**	**53.7**

As at December 31, 2009, other financial assets mainly included the surplus of the defined benefit plan assets over liabilities in the Hagemeyer post-employment scheme in the Netherlands for €41.4 million as of December 31, 2009 and €41.9 million as of December 31, 2008 (see note 18). Other financial assets also included fair value hedge for €2.7 million and cash flow hedge derivatives for €0.5 million.

10.4 | Investment in an associate

Prior to its acquisition by Rexel, Hagemeyer owned a 15% ownership interest in the share capital of DPI, Inc., a Missouri corporation that distributes to retailers consumer audio and video electronic products throughout the Americas. In addition, Hagemeyer Finance B.V., a direct subsidiary of Hagemeyer, held subordinated promissory notes for a principal amount of US$ 11.8 maturing on June 15, 2011 and bearing interest at 11% per year (accrued interest being payable at maturity date). As part of the purchase accounting of Hagemeyer, the investment in DPI, Inc., classified in the IAS 39 category *available for sale*, and the subordinated notes, classified in the IAS 39 category *loan and receivables,* were recognized at fair value in the Group consolidated financial statements.

On December 16, 2009, Hagemeyer Finance B.V. entered into a share purchase agreement and a shareholders' agreement with DPI, Inc. aiming at restructuring the finance structure of DPI, Inc. Hagemeyer Finance B.V. waived its subordinated promissory notes in exchange of newly issued preferred shares of DPI, Inc. with no voting rights but a preferred dividend. The shareholders' agreement provides for certain contractual rights in favour of Hagemeyer Finance B.V., including veto rights over significant decisions, that result in a significant influence exercised by Hagemeyer Finance B.V. over DPI, Inc..

After completion of this transaction, the Group holds 66.67% of the shares of the company, of which 59.52% through preferred shares with no voting rights but a preferred dividend. The investment in DPI, Inc. was accounted for under the equity method as at December 31, 2009.

At the date of the transaction, the investment in DPI, Inc. was remeasured at fair value such as evidenced by the transaction, resulting in a positive adjustment of €0.6 million recorded in other comprehensive income (available for sale financial assets).The derecognition of the subordinated promissory notes, classified as loan and receivables, resulted in a gain of €5.5 million recognized in the income statement under the line item "Other income".

The following table illustrates financial information of DPI, Inc.:

(in millions of euros) - unaudited	As at December 31,	
DPI, Inc. balance sheet information	**2009**	**2008**
Total Assets	32.6	37.1
Total liabilities	(21.9)	(38.9)
Equity	10.7	(1.8)

	For the year ended December 31,	
DPI, inc. sales and net income	**2009**	**2008**
Sales	98.5	105.8
Net income	5.8	3.8

11. | CURRENT ASSETS

11.1 | Inventories

(in millions of euros)	As of December 31 2009	2008
Cost	1,240.0	1,431.9
Allowance	(98.6)	(102.9)
Net inventories	**1,141.4**	**1,329.0**

Changes in allowance for inventories:

(in millions of euros)	2009	2008
Allowance for inventories as of January 1	(102.9)	(85.1)
Change in consolidation scope	0.4	(27.1)
Net change in allowance	7.7	(3.8)
Translation difference	(3.5)	5.9
Other changes	(0.3)	7.2
Allowance for inventories as of December 31	**(98.6)**	**(102.9)**

11.2| Trade accounts receivable

(in millions of euros)	As of December 31 2009	2008
Nominal value	2,020.7	2,470.5
Impairment losses	(119.2)	(107.2)
Trade accounts receivable	**1,901.5**	**2,363.3**

Trade accounts receivable include taxes collected on behalf of the fiscal authorities that, in certain circumstances, may be recovered when the client goes into default. These recoverable taxes amounted to €202.6 million as of December 31, 2009 (€263.8 million as of December 31, 2008).

The Group has enacted credit assurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €677.3 million as of December 31, 2009 (€1,017.8 million as of December 31, 2008).

In addition, in certain countries, the Group benefits from supplementary guarantees in specific local jurisdictions, notably in the United States. Trade accounts receivable covered by these guarantees represented €173.9 million as of December 31, 2009 (€225.9 million as of December 31, 2008).

On December 23, 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon, to sell a participation interest in eligible trade receivables of Rexel's US subsidiaries under a Receivables Participation Agreement ("RPA"). This agreement allows the Group to sell eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2014.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including notably a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees in remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The Group's obligations under the RPA cover remittance of cash collections to the purchaser, indemnification payments and fees. However, secured obligations do not include any obligation, in respect of the receivables, to pay such receivables or recourse for receivables which are not collected.

Therefore, as all risks and rewards attached to the assigned receivables under the RPA are transferred to the purchaser, such receivables are derecognized from the balance sheet. The difference between the purchase price and the carrying amount of the receivables is recorded in the income statement as a financial expense.

At December 31, 2009, the amount of derecognized receivables was €52.6 million (US$75.8 million) and the resulting loss recorded as a financial expense was €0.7 million.

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

Changes in impairment losses:

(in millions of euros)	2009	2008
Impairment losses on trade accounts receivable as of January 1	**(107.2)**	**(85.6)**
Change in consolidation scope	0.7	(18.9)
Net depreciation	(25.4)	(13.4)
Translation differences	(1.2)	2.2
Other changes	13.9	8.5
Impairment losses on trade accounts receivable as of December 31	**(119.2)**	**(107.2)**

Impairment losses resulting from an individual assessment of default risk amounted to €75.3 million (€73.6 million as of December 31, 2008).

The remaining impairment loss recorded corresponds to the risks estimated on the basis of overdue payments.

The repayment schedule for outstanding trade accounts not subject to depreciation is as follows:

(in millions of euros)	As of December 31	
	2009	**2008**
From 1 to 30 days	187.5	272.4

All trade accounts receivable past due 30 days are impaired in accordance with the principle described in note 2.9.3.

11.3| Other accounts receivable

(in millions of euros)	As of December 31	
	2009	**2008**
Purchase rebates	268.1	365.2
VAT receivable and other sales taxes	25.9	28.1
Prepaid expenses	29.9	26.9
Derivatives	1.2	5.9
Other receivables	46.8	51.8
Total accounts receivable	**371.9**	**477.9**

12. | CASH & CASH EQUIVALENTS

(in millions of euros)	As of December 31	
	2009	**2008**
Short-term investments	179.4	586.4
Cash at bank	178.8	219.1
Cash in hand	1.4	1.5
Cash and cash equivalents	**359.6**	**807.0**

As of December 31, 2009, short-term investments, included treasury investment funds (Sicavs HSBC Monetaire, CAAM Treso Corporate, BNP Paribas Cash Invest) which were stated at their fair value amounting to €141.4 million.

These investments are in compliance with 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.

13. | SUMMARY OF FINANCIAL ASSETS

(in millions of euros)		IAS 39 Category	Hierarchy	As of December 31 2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
Loans		L&R		0.1	0.1	2.3	2.3
Deposits		L&R		7.5	7.5	5.8	5.8
Assets available for sale		AFS		0.2	0.2	1.2	1.2
Hedging derivatives	[1]	N/A	2	2.7	2.7	2.0	2.0
Others	[2]	N/A		42.8	N/A	43.0	N/A
Total long-term investments				**53.3**	**-**	**54.3**	**-**
Trade accounts receivable		L&R		**1,901.5**	**1,901.5**	**2,363.3**	**2,363.3**
Supplier rebates receivable		L&R		268.1	268.1	365.2	365.2
VAT and other sales taxes receivable	[2]	N/A		25.9	N/A	28.1	N/A
Other accounts receivables		L&R		46.8	46.8	51.8	51.8
Hedging derivatives	[1]	N/A	2	-	-	-	-
Other derivative instruments		TR	2	1.2	1.2	5.9	5.9
Prepaid expenses	[2]	N/A		29.9	N/A	26.9	N/A
Total non-current assets				**371.9**	**-**	**477.9**	**-**
Short-term investments		FV	1	179.4	179.4	586.4	586.4
Cash		L&R		180.2	180.2	220.6	220.6
Cash and cash equivalents				**359.6**	**-**	**807.0**	**-**

[1] Specific accounting treatment for hedging
[2] Not a financial asset under IAS 39

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

14. | SHARE CAPITAL AND ISSUANCE PREMIUM

14.1 | Changes in share capital and issuance premium

Since January 1, 2008, the Group has registered the following movements in shareholders' equity following the issuance of ordinary shares, with a nominal amount of €5 per share:

	Number of Shares	Share capital	Issuance premium
		(in millions of euro)	
On January 1, 2008 …………………………………………………	**255,993,827**	**1,280.0**	**1,409.9**
	-	-	-
On December 31, 2008 …………………………………..…………	**255,993,827**	**1,280.0**	**1,409.9**
Issuance of shares in connection with free shares plan…………….	2,159,291	10.8	(10.8)
Issuance of share options………………………………………………	66,900	0.3	
Free shares attributed…………………………………………………			(6.9)
On December 31, 2009 …………………………………..…………	**258,220,018**	**1,291.1**	**1,392.2**

Treasury shares

The Shareholders' Meeting of May 20, 2009 authorized the Company's Management Board with subdelegatation power, to buy shares of the company amounting to a maximum of 10% of the share capital at a maximum price of €20 per share. This program is capped to €200 million and has duration of 18 months from the date of the Shareholders' Meeting (ending November 20, 2010).

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

- to ensure the liquidity and foster the stock market by having an intermediary investment services provider acting independently, under a liquidity agreement compliant with the code of ethics recognized by the AMF;
- to implement share purchase option plans of the company, in accordance with the provisions of Article L. 225-177 and following of the French Code of Commerce, any attribution of free shares within the framework of any savings plan undertaken in accordance with the provisions of articles L.3332-1 and following of the French Code of Labor, any attribution of free shares in accordance with the provisions of articles L. 255-197-1 and following of the French Code of Commerce, any attribution of shares in the context of profit sharing and the operations to hedge these schemes, under the conditions set by the market authorities and at the time the Management Board or the individual acting on behalf of the Management Board will act;
- to conserve and to provide shares in exchanges or payments concerning external growth, with a limit of 5% of the company's share capital ;
- to provide shares in the occasion of rights attached to securities giving access to capital being exercised, immediate or long term ;
- to cancel all or part of the shares repurchased, subject to the 25th decision of the Shareholders' Meeting of May 20, 2008.
- and any other objective compliant with regulation in force.

In connection with this share buy-back program, Rexel entered into a mandate in compliance with the French AMF requirements with Calyon Cheuvreux to promote independently the liquidity of its shares for an amount of €12.8 million. This amount may be adjusted either up or down as required to ensure the effectiveness of the contract.

On December 31, 2009, Rexel held 86,700 treasury shares acquired at an average price of €9.53 per share, recorded as a reduction in shareholders' equity for an amount of €0.8 million.

In addition, losses on treasury shares disposed of in 2009 amounted to €1.3 million net of tax and were recognized as a reduction of equity.

14.2 | Capital Management

Since April 4, 2007, Rexel's shares have been admitted to the Eurolist market of Euronext Paris. The principal indirect stakeholders of Rexel— investment funds managed by Clayton, Dubilier & Rice, Inc., Ray France Investment S.A.S (a subsidiary of Eurazeo S.A.), investment funds managed by Merrill Lynch Global Private Equity (collectively, the "Main Investors"), and Caisse de Dépôt et de Placement du Québec (together with the Main Investors, the "Investors") agreed to organize the sale of part or all of the shares they hold in Rexel, directly or indirectly, in accordance with certain terms. Each of the Investors may thus:

- sell his Rexel shares into the market subject to a maximum of €10.0 million per 30-day rolling period;
- initiate (i) the sale of Rexel's shares through a block trade with estimated proceeds of at least €75 million; or (ii) an underwritten secondary public offering of Rexel's shares with estimated proceeds of at least €150 million, provided that the other Investors may participate in such block trades or offerings and that no underwritten secondary offering has occurred in the preceding six months.

This agreement will terminate on April 12, 2012, or at the date on which the Main Investors cease to collectively hold, directly or indirectly, 40% of Rexel's share capital. In addition, this agreement will cease to be applicable to any party when such party's direct or indirect shareholding in Rexel falls below 5%.

Dividend paid

	For the year ended December 31	
(in millions of euros)	**2009**	**2008**
Declared and paid during the year ……………………………….	-	94.4
Dividends on ordinary shares corresponding to…………….. …..	-	€0.37 per share
Proposed distribution ………………………………………………	-	-

Under the new Senior Credit Agreement executed on December 21, 2009, Rexel has limitations to dividend distribution (see note 19.1.2 Senior Credit Agreement).

15. | SHARE-BASED PAYMENTS

15.1 | Free share schemes

As part of its long term incentive policy, Rexel initiated free share schemes with the following characteristics:

Plans issued in 2009

On May 11, 2009, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,372,166 shares. Depending on local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2011), these being restricted during an additional two-year period (May 12, 2013), or four years after the grant date (May 12, 2013) with no restrictions subsequently.

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 ……………………………	**Members of Group Executive Committee**		**Other key managers**		**Total**
Vesting conditions ……………………..	Two year service condition from grant date and performance conditions based on: (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted EBITDA margin variation and (iii) 2009 ratio Net Debt to adjusted EBITDA		40% of the shares vested based on a two year service condition from grant date and 60% based on performance conditions relative to: (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted EBITDA margin variation and (iii) 2009 ratio Net Debt to adjusted EBITDA		
Date of delivery …………………………	May 12, 2011	May 12, 2013	May 12, 2011	May 12, 2013	
Maximum number of shares granted on May 11, 2009 …………………………	107,934	218,884	259,282	786,066	**1,372,166**
Cancelled in 2009 due to presence not satisfied …………………………………..	-	-	(8,511)	(19,006)	**(27,517)**
Cancelled in 2009 due to performance not satisfied ……………………………..	(17,558)	(35,603)	(35,151)	(107,364)	**(195,676)**
Maximum number of shares alived on December 31, 2009 ……………………..	90,376	183,281	215,620	659,696	**1,148,973**

The fair value of Rexel's shares granted to employees was estimated to €6.42 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 have no impact on the fair value, as no dividends have been considered on this period.

Plans issued in 2008

Rexel entered into several free share plans for its top executives and key managers amounting to a total of initially 1,541,720 shares on June 23, 2008 and with a further increase of 66,241 shares granted on October 1st, 2008. Depending on local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010 or October, 2nd 2010), these being restricted during an additional two year period (June 24, 2012 or October, 2nd 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 ………………	**Members of Group Executive Committee**			**Other key managers**				**Total**
Vesting conditions ………..	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			Two years service condition from grant date and performance conditions based on: (i) 2008 EBITDA and (ii) 2007/2009 EBITDA margin increase				
Plan …………………………	**2+2 Plan**	**4+0 Plan**		**2+2 Plan**		**4+0 Plan**		
Date of delivery ……………	**24 June 10**	**24 June 12**	**2 Oct 12**	**24 June 10**	**2 Oct 10**	**24 June 12**	**2 Oct 12**	
Maximum number of shares attributed on grant date …………………………	**241,211**	**217,920**	**28,436**	**280,698**	**3,456**	**801,891**	**34,349**	**1,607,961**
Cancelled in 2008 due to presence not satisfied ……	-	-	-	(13,218)	-	(18,848)	(2,853)	**(34,919)**
Maximum number of shares alived on December 31, 2008 ………	**241,211**	**217,920**	**28,436**	**267,480**	**3,456**	**783,043**	**31,496**	**1,573,042**
Cancelled in 2009 due to presence not satisfied ……	(53,371)	-	-	(35,603)	-	(95,371)	(7,507)	**(191,852)**
Cancelled in 2009 due to performance not satisfied ..	(155,179)	(180,031)	(23,492)	(115,697)	(1,724)	(343,193)	(11,975)	**(831,291)**
Maximum number of shares alived on December 31, 2009 ……….	**32,661**	**37,889**	**4,944**	**116,180**	**1,732**	**344,479**	**12,014**	**549,899**

The fair value of Rexel's shares granted to employees was 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 were computed as a reduction of the fair value.

Plans issued in 2007

Concurrently with the admission of the Company's shares to trading, Rexel entered into several free share plans for its top executives and key employees amounting to a total of 5,022,190 shares on April 11, 2007 and 33,991 shares on October 29, 2007. Depending on local regulations, these employees and executives were either be eligible to receive Rexel shares two years after the granting dates (April 12, 2009 or October 30, 2009), these being restricted during an additional two year period (April 12, 2011 or October 30, 2011), or four years after the granting date with no restrictions.

The issuance of these free shares is subject to the service and performance conditions of the scheme.

The vesting conditions are presented in the following table:

Beneficiaries	Top executives and managers	Top executives and managers	Key employees		Total
Vesting conditions	One year service condition from grant date	Performance conditions based on the consolidated 2007 EBITDA and one year service condition from grant date	Half of the shares will be attributed based on 2007 EBITDA and a one-year service condition from the installation of the plan, and the other half based on 2008 EBITDA and a two-year service condition from grant date		
Date of delivery	**April 11, 2007**	**April 11, 2007**	**April 11, 2007**	**October 29, 2007**	
Maximum number of shares attributed on grant date	**2,556,576**	**1,193,055**	**1,272,559**	**33,991**	**5,056,181**
Cancelled in 2007 due to presence not satisfied	-	-	(74,726)	-	**(74,726)**
Number of shares alived on December 31, 2007	**2,556,576**	**1,193,055**	**1,197,833**	**33,991**	**4,981,455**
Cancelled in 2008 due to presence not satisfied	-	(88,254)	(96,171)	-	**(184,425)**
Number of shares alived on December 31, 2008	**2,556,576**	**1,104,801**	**1,101,662**	**33,991**	**4,797,030**
Cancelled in 2009 due to presence not satisfied	-	-	(13,968)	(2,050)	**(16,018)**
Issued in 2009	(1,302,133)	(562,702)	(286,982)	(7,474)	**(2,159,291)**
Number of shares alived on December 31, 2009	**1,254,443**	**542,099**	**800,712**	**24,467**	**2,621,721**

After taking into account assumptions concerning the turnover of beneficiaries and achievement of performance conditions, the expense relating to these equity settled plans, amounts to €74.4 million (without tax effect) based on the offering price of €16.50 per share, and has been spread over the vesting period.

The related expense for these plans are accounted for in "distribution and administrative expenses" (except the 2007 plan accounted for in "Other expenses" in consideration of the non-recurring nature of the IPO) and are summarized as follows:

(in millions of euros)	For the year ended December 31 2009	2008
Plans issued in 2007..	2.3	19.7
Plans issued in 2008..	1.2	2.3
Plans issued in 2009..	2.0	-
Total free share plans expense	**5.5**	**22.0**

15.2| Stock option plans

Plans issued by Rexel in 2005

On October 28, 2005, Rexel established a share option subscription program (Plan No.1) that entitles key management personnel to purchase shares of Rexel. On May 31, 2006 and October 4, 2006, further options were granted to new entrants.

On November 30, 2005, a share option subscription arrangement was set up for a broader circle of senior employees of the group (Plan No.2) with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under the Plan No.1 and the Plan No.2 vested in full upon the Initial Public Offering of Rexel shares in April 2007.

These options are exercisable by the beneficiaries at the fair value of the shares at the date of grant for a period of 10 years from grant date. These plans qualified as equity-settled transactions.

Plans issued in 2003 and 2004 by Rexel Distribution S.A. prior to its acquisition

Prior to its acquisition by Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.), share options arrangements were granted annually by Rexel Distribution S.A. (formerly Rexel S.A.) to management personnel.

The terms and conditions of the options, which are settled exclusively by physical delivery of shares, are as follows:

Date of delivery / beneficiaries	Number of instruments originally delivered	Number of options active as of December 31, 2009	Options term
Options granted to management prior to November 7, 2002	933,943	133,060	2012
Options granted to management in 2003	623,413	545	2013
Options granted to management in 2004	782,790	1,549	2014
Total options granted by Rexel Distribution S.A.	**2,340,146**	**135,154**	
Options granted to key manager ("Plan No.1")			
- on October 28, 2005	2,711,000	1,231,002	2015
- on May 31, 2006	169,236	140,944	
- on October 4, 2006	164,460	267,452	
Options granted to key employees ("Plan No.2")			
- on November 30, 2005	259,050	406,056	2015
- on May 31, 2006	34,550	65,976	
Total options granted by Rexel	**3,338,296**	**2,111,430**	

Number of stock options

The number of stock options is detailed below:

(Number of options)	Rexel S.A. Plans 2005 Executives	Rexel S.A. Plans 2005 Key employees	Rexel Distribution S.A. Plans 2004	Rexel Distribution S.A. Plans 2003	Rexel Distribution S.A. Plans prior to November 7, 2002
Options existing January 1, 2008…………	**1,639,398**	**542,432**	**491,014**	**1,134**	**208,154**
Cancelled during this period………………….	-	(3,500)	-	(589)	(39,543)
Exercised during this period………………….	-	-	(488,969)	-	-
Options existing December 31, 2008………	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Options existing January 1, 2009…………	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Cancelled during this period………………….	-	-	(496)	-	(35,551)
Exercised during this period………………….	-	(66,900)	-	-	-
Options existing December 31, 2009………	**1,639,398**	**472,032**	**1,549**	**545**	**133,060**
Exercisable options at the end of exercise….	1,639,398	472,032	1,549	545	133,060
Exercise price………………………………..	5€ /6.5€ /9.5€	5€ /6.5€	€28.49	€21.61	€68.38 €55.02 €59.68 €51.99

16. | EARNINGS PER SHARE

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

	For the year ended December 31 2009	2008
Net income attributed to ordinary shareholders (*in millions of euros*)..	80.6	230.2
Weighted average number of ordinary shares (*in thousands*)…………	259,786	255,460
Basic earnings per share (*in euros*) …………………………………	**0.31**	**0.90**
Net income attributed to ordinary shareholders (*in millions of euros*)..	80.6	230.2
Average number of balanced shares in circulation (*in thousands*) …….	259,786	255,460
Potential dilutive ordinary shares (*in thousands*)………………………	*1,460*	*6,365*
- out of which are share options (in thousands) ……………………..	*517*	*826*
- out of which are free shares (in thousands) ………………………… [(1)]	*943*	*5,539*
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share (*in thousands*) ……….	261,246	261,825
Fully diluted earnings per share (*in euros*) ……………………………	**0.31**	**0.88**

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

17. | PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(in millions of euros)	As of December 31	
	2009	**2008**
Provisions	181.2	174.0
Other non-current liabilities	54.2	55.2
Total	**235.4**	**229.2**

Other non-current liabilities are comprised essentially of fair value of derivatives instruments for €43.7 million (see note 20.1) and debts related to the profit sharing schemes for French employees in the amount of €10.5 million (€10.3 million as of December 31, 2008).

The variation in provisions is detailed below:

(in millions of euros)	Provision for restructuring	Provision for tax litigation	Provision for other litigation	Provision for vacant properties	**Total provisions**
At January 1, 2008	**7.6**	**23.4**	**8.6**	**1.8**	**41.4**
Change in consolidation scope	1.8	5.6	54.0	55.9	**117.3**
Increase	22.9	9.5	7.6	11.4	**51.4**
Use	(6.0)	(1.2)	(3.0)	(6.0)	**(16.2)**
Release	(0.1)	(1.3)	(0.6)	(1.0)	**(3.0)**
Translation differencies	(0.8)	(0.6)	(1.5)	(13.5)	**(16.4)**
Other changes	(1.9)	(0.2)	(0.3)	1.9	**(0.5)**
At December 31, 2008	**23.5**	**35.2**	**64.8**	**50.5**	**174.0**
Change in consolidation scope	-	-	-	-	**-**
Increase	34.8	9.9	7.1	17.0	**68.8**
Use	(19.6)	(3.5)	(6.6)	(14.8)	**(44.5)**
Release	(0.6)	(0.9)	(14.9)	-	**(16.4)**
Translation differencies	0.6	0.5	1.7	8.0	**10.8**
Other changes	(1.0)	(11.5)	(0.4)	1.4	**(11.5)**
At December 31, 2009	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**

As of December 31, 2009, provisions consist mainly of:

- accrued expenses for social and voluntary departure plans to adapt Group's structure to current trading. These restructuring plans resulted in closure of branches, of distribution centres and administrative headquarters. As at December 31, 2009, accrued expenses mainly concerns France (for €12.2 million), the United States (for €7.2 million), Sweden (for €3.3 million) Canada (for €2.9 million) and Spain (for €2.8 million). Change in provisions for year ended 2009 mainly relates to restructuring plans in France (increase of €12.1 million and release of €7.3 million) and in the United States (increase of €6.8 million and release of €2.3 million);
- litigation concerning fiscal matters of €19.2 million in France (see note 22.2) and of €4.4 million in Canada. Increase in provisions during year ended 2009 mainly concerns a tax reassessment relating to services invoiced by Rexel Développement shareholders in France for €6.6 million. Other changes concern provision for tax reassessments in France accrued in 2008 for an amount of €11.5 million and presented in 2009 following notifications received from French tax authorities as an allowance for deferred tax assets on tax losses carried forward;
- other litigation including in particular claims related to the bankruptcy of Ceteco, subsidiary of Hagemeyer for €31.0 million (see note 22), personnel-related litigation of €2.6 million and claims for warranties granted to customers. Change in provisions mainly relates to the unused portion of the provision related to Ceteco for €13.8 million, following settlement entered into on February 8, 2010;

- provision for vacant properties accrued in the UK for €43.1 million (of which reserve for onerous contract relating to the national distribution centre acquired as part of the business combination with Hagemeyer for €26.6 million and other onerous leases for €8.3 million), in France for €5.8 million and in the USA for €5.6 million. Change in provision for year ended 2009 concerns mainly increase and use of provision in these three countries.

As of December 31, 2008, provisions consist mainly of:

- accrued expenses of €8.4 million for restructuring in France (branch closures and termination of non core business), €3.5 million in the United States (reorganization of regional divisions), €2.9 million in Canada (reorganisation and separation of non strategic activities), and €1.9 million in Spain (integration of ABM, subsidiary of Hagemeyer). Increase in provisions for the year ended 2008 mainly concerns France (for €8.4 million) and the United-States (for €3.7 million);
- litigation reserves concerning fiscal matters (see note 22.2) of €25.2 million in France (including an additional increase of €6.1 million during year ended 2008), and of €3.7 million in Canada;
- other reserves for claims included the one related to Ceteco bankruptcy for €45.2 million (this litigation related to Hagemeyer was presented in change in consolidation scope in 2008), personnel-related litigation of €4.1 million and claims for warranties granted to customers ;
- provision for vacant properties including a reserve for onerous contract relating to the national distribution centre in the UK acquired as part of the business combination with Hagemeyer for €51.9 million and presented for the year ended 2008 in change in consolidation scope.

18. | EMPLOYEE BENEFITS

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees. The most significant funded retirement plans are in Canada, the United Kingdom, the United States, the Netherlands and Switzerland, and are managed through vehicles independent of the Group. In France and Italy, the obligations principally concern lump-sum payments on retirement and long service awards (jubilees), and are usually unfunded.

The change in the present value of the obligation in respect of defined benefit plans is as follows:

	Defined benefit obligations	
(in millions of euros)	**2009**	**2008**
At the beginning of the period	**924.1**	**461.6**
Service cost	14.3	14.9
Interest cost	51.8	45.2
Benefit payments	(47.1)	(43.6)
Employee contributions	3.6	3.1
Actuarial (gain) loss	58.2	(51.0)
Change in consolidation scope	-	560.0
Translation differencies	38.2	(65.9)
Curtailment /settlement and other	(2.8)	(0.2)
At the end of the period	**1,040.3**	**924.1**

The change in the fair value of the defined benefit plan assets breaks down as follows:

(in millions of euros)	Plan assets	
	2009	2008
At the beginning of the period	**728.7**	**353.1**
Employer contributions	33.5	27.7
Employee contributions	3.6	3.2
Return on plan assets	99.1	(91.4)
Benefit payments	(47.1)	(43.7)
Change in consolidation scope	-	525.8
Translation differencies	27.9	(45.0)
Other changes	-	(1.0)
At the end of the period	**845.7**	**728.7**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	As of December 31				
	2009	2008	2007	2006	2005
Defined benefit obligations	**1,040.3**	**924.1**	**461.6**	**482.0**	**390.4**
of which Funded schemes	*951.1*	*842.1*	*370.6*	*385.6*	*321.5*
of which Unfunded schemes	*89.2*	*82.0*	*91.0*	*96.4*	*68.9*
Fair value of plan assets	(845.7)	(728.7)	(353.1)	(343.6)	(253.0)
Funded status	**194.6**	**195.4**	**108.5**	**138.4**	**137.4**
Unrecognised actuarial gains and losses	(62.2)	(61.9)	14.4	(4.7)	(23.4)
Effect of the asset ceiling	-	-	2.7	-	-
Recognised net liability for defined benefit obligations	**132.4**	**133.5**	**125.6**	**133.7**	**114.0**
of which "Employee benefits"	*173.8*	*175.4*	*125.6*	*133.7*	*114.0*
of which "Other financial assets" [(1)]	*(41.4)*	*(41.9)*	-	-	-

[(1)] The €41.4 million surplus of the defined benefit plan assets over liabilities is relating mainly to the Hagemeyer post-employment scheme in the Netherlands which is subject to minimum funding requirements. Pursuant to the plan, the company is entitled to contribution holidays when the funding ratio is beyond 150%, and refunds when the ratio is above 200% or at termination of the plan when there is a surplus. As a result, no asset ceiling was recognized at December 31, 2009.

The expense recognized in the income statement breaks down as follows:

(in millions of euros)	As of December 31	
	2009	2008
Service costs [(1)]	14.3	14.9
Interest costs [(2)]	51.8	45.2
Expected return on plan assets [(2)]	(39.8)	(43.8)
Curtailment and settlement [(3)]	(2.9)	-
Amortization of actuarial gains / losses [(1)]	1.4	2.5
Other [(1)]	-	(2.6)
Expense recognized	**24.8**	**16.2**

[(1)] Recognized as personnel costs (see note 6)

[(2)] Recognized as net financial expenses (see note 8)

[(3)] Recognized as other income and expenses (see note 7)

The main actuarial assumptions at the date of the most recent actuarial valuation are as follows:

(in %)	Euro Zone 2009	Euro Zone 2008	United Kingdom 2009	United Kingdom 2008	Canada 2009	Canada 2008	United States 2009	United States 2008	Switzerland 2009	Switzerland 2008
Discount rate [(1)]………………………….	5.25	5.75	5.75	6.00	6.00	6.50	5.75	6.00	3.00	3.00
Expected return on plan assets [(2)] …..	4.90	5.75	6.70	7.15	6.75	6.75	7.75	7.75	2.30	3.50
Future salary increases ……………….	2.50	2.50	3.50	3.50	3.00	3.00	n/a	n/a	2.00	2.00
Future pension increases ……………..	2.00	2.00	2.55	2.25	2.00	2.00	n/a	n/a	1.00	1.00

(1) Discount rates have been set by reference to market yields on high quality corporate bonds with a similar duration than the underlying obligation. Discount rates were determined based on a database developed by Rexel's actuary which includes several hundreds of AA+ corporate bonds with durations from one year to approximately 30 years. For each plan, expected benefit payments are discounted using the rate that matches the plan duration. Then the database computes a single rate that, when applied to cash-flows of all plans, retrieves the same present value of the aggregated cash-flows of each individual plan.

(2) Expected long term return on assets has been calculated as weighted average of expected return on bonds and equities. The expected return on bonds has been assumed equal to the applicable discount rate as set out above. Expected return on equities was determined on the basis of the discount rate plus a 3% risk premium.

Sensitivity analysis

As of December 31, 2009, a 25 basis points decrease in discount rates would result in a €39.1 million increase in the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result in €2.1 million increase in the expense.

As of December 31, 2009, a 1% inflation rate increase in medical costs would translate to a €4.0 million increase in the present value of health care plans.

As of December 31, 2009, the average allocation of Group funds invested for retirement plans by type of investment is as follows: 37% in stocks, 48% in bonds and 15% in other investment categories. This allocation was used to assess the expected return on assets in force in 2010.

19. | FINANCIAL LIABILITIES

This note provides information about financial liabilities as of December 31, 2009. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

19.1 | Net financial debt

	As of December 31, 2009			As of December 31, 2008		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Senior Notes [1]……………………………………	1.5	575.0	576.5	-	-	-
Senior credit facility ……………………………	-	1,091.2	1,091.2	178.2	2,225.9	2,404.1
Securitization ………………………………………	-	1,056.6	1,056.6	-	1,255.0	1,255.0
Bank loans …………………………………………	3.9	2.3	6.2	5.2	3.7	8.9
Bank overdrafts and other credit facilities [2] ………	87.7	-	87.7	91.4	-	91.4
Finance lease obligations ………………………	6.9	11.0	17.9	9.6	17.4	27.0
Less transaction costs …………………………	(16.5)	(58.8)	(75.3)	-	(47.4)	(47.4)
Total financial debt and accrued interest……	***83.5***	***2,677.3***	***2,760.8***	***284.4***	***3,454.6***	***3,739.0***
Cash and cash equivalents ………………………			(359.6)			(807.0)
Net financial debt			**2,401.2**			**2,932.0**

[1] Including accrued interest of €1.5 million as of December 31, 2009

[2] Including accrued interest of €4.2 million as of December 31, 2009 (€8.3 million as of December 31, 2008)

19.1.1 Senior Notes

On December 21, 2009, Rexel issued €575 million senior unsecured notes (the "Notes"), the proceeds of which were applied to partially refinance the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, commencing on June 15, 2010. Rexel will make the first payment on June 15, 2010. The notes will mature on December 15, 2016.

The Notes are senior unsecured obligations of Rexel and are guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The notes and all of Rexel's existing and future unsecured senior debt rank pari passu and senior to all its existing and future subordinated debt.

The Notes are redeemable in whole or in part at any time prior to December 15, 2013 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2013, the Notes are redeemable in whole or in part by paying the redemption price set forth below.

- Redemption occurring on or after December 15, 2013.

The applicable redemption price is set forth below:

Redemption period beginning on:	Redemption price (as a % of principal amount)
December 15, 2013 ……………………….	104.125%
December 15, 2014 ……………………..	102.063%
December 15, 2015 and after ………….	100.000%

In addition, at any time on or prior to December 15, 2012, the Notes are redeemable up to 35% of the outstanding principal amount of Notes with the net proceeds from one or more specified equity offerings.

19.1.2 Senior Credit Agreement

On December 21, 2009, in connection with the refinancing transactions, Rexel entered into a €1,700 million credit facilities agreement with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium S.A., The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and Bank of America Securities Limited as Mandated Lead Arrangers, and CALYON as Facilities Agent.

The New Senior Credit Agreement provides for two facilities:

• Facility A, which is a three-year multi-currency revolving credit facility. The maximum initial amount of Facility A is €600 million, which will be reduced to €400 million on the first anniversary of the New Senior Credit Agreement and €200 million on the second anniversary of the New Senior Credit Agreement; and

• Facility B, which is a five-year multi-currency revolving credit facility. The maximum initial amount of Facility B is €1,100 million.

Proceeds from draw-downs under Facility A and Facility B have been used to partially refinance the previous Senior Credit Agreement, finance working capital needs and for general corporate purposes of the Rexel Group, including the financing or refinancing of acquisitions.

As of December 31, 2009, facilities under the Senior Credit Agreement are as follows:

Credit Facility (Term Loan)	Commitment *(in millions of euros)*	Borrower	Balance due as of December 31, 2009 *(in millions of local currency)*	Currency	Balance due as of December 31, 2009 *(in millions of euros)*
			198.0	CHF	133.5
Facility A …	600.0	Rexel SA	577.0	USD	400.5
			72.6	EUR	72.6
Facility B …	1,100.0	Rexel SA	201.0	CAD	132.9
			351.7	EUR	351.7
TOTAL	**1,700.0**				**1,091.2**

Interests and margin

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

The applicable margin for Facilities A and B until 31 December 2009 was 3.50% and 3.75%, respectively, and will be reduced to 3.00% and 3.25%, respectively in early 2010 in accordance with the Pro Forma Leverage Ratio.

From December 31, 2009 margin applicable 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:

Leverage Ratio	Facility A Margin	Facility B Margin
Greater than or equal to 5.00:1 ……….…….….……..…….	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1 ……..	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1………	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1 ……..	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1 …….	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1 ……..	1.75%	2.00%
Less than 2.50:1 …….……….…….………….……….…….	1.50%	1.75%

In addition, the applicable margin shall be increased by an utilization fee equal to:

• 0.25% per annum pro rata temporis for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and

• 0.50% per annum pro rata temporis for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

Rexel shall also pay a commitment fee in the base currency computed at the rate of 40% of the then applicable margin on that lender's available commitment under each facility for the available period applicable to it.

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 any other restructuring and/or acquisition costs relating to any permitted acquisition; and
- Adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

- Less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;
- Plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;
- Plus accrued interest, including capitalized interest but excluding interest accrued on intra-group loans;
- Minus cash and cash equivalents.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels:

Date	Indebtedness Ratio
December 31, 2009	5.15:1
June 30, 2010	5.15:1
December 31, 2010	4.90:1
June 30, 2011	4.50:1
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2009, this ratio was 4.32, thus satisfying the covenant with 19.3% headroom.

Other undertakings

The Senior Credit Agreement includes certain undertakings relating to limitations of the level of capital expenditures and restrictions of the payment of dividends. So long as the ratio Adjusted Consolidated Net Debt relative to adjusted consolidated EBITDA is above 4.00:1, the aggregate capital expenditure (other than Capital Expenditure paid for from shareholders new equity injections proceeds) shall not exceed 0.75% of the sales of the Group. In addition, Rexel shall not declare, make or pay any dividend during the fiscal year ended December 31, 2010. Thereafter, so long as the ratio Adjusted Total Debt to Adjusted Ebitda exceeds 4.00:1, this undertaking shall remain applicable.

Other covenants

The New Senior Credit Agreement contains certain customary negative covenants that restrict Rexel, the guarantors under the New Senior Credit Agreement and their subsidiaries (subject to certain agreed exceptions) from, among other things, (i) incurring additional financial indebtedness; (ii) giving guarantees and indemnities; (iii) making loans to others; (iv) creating security interests; (v) making acquisitions or investments or entering into joint ventures; (vi) disposing of assets; or (vii) substantially changing the general nature of Rexel or the Group's business.

Prepayment

The Senior Credit Facilities must be prepaid, subject to certain agreed circumstances and exceptions and in varying amounts, in the event of a change of control of Rexel, the sale of all or substantially all of the Group's assets, the issuance of certain debt securities or the disposal of certain assets. Voluntary prepayments and cancellations are also permitted under the Senior Credit Agreement, subject to minimum amounts.

19.1.3 Securitization programs

The Rexel Group has several securitization programs presented in the table below, with the exception of the US off balance sheet program such as disclosed in note 11.2, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities, with no other action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French commercial paper or U.S. or Canadian commercial paper, which is rated by rating agencies.

Once receivables have been assigned, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee the receivables, which latter amount is only paid, in whole or in part, after complete payment of the receivables. However, in the context of the U.S. securitization program, the relevant subsidiaries also have the option of transferring their receivables in exchange for an issuance of subordinated notes.

Considering their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables selling programs do not qualify for derecognition under IAS 39 requirements. Therefore assigned receivables remain presented as assets on the Group's balance sheet on the line "trade accounts receivable" whereas the amount due is considered as financial debt.

Securitization programs 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 December 31, 2009, Rexel had satisfied all of these covenants.

Securitization programs features are summarized in the table below:

Program	Commitment *(in millions of currency)*	Amount of receivables pledged on December 31, 2009	Amount drawn on December 31, 2009	Outstanding amount on December 31, 2009 *(in millions of euros)*	Outstanding amount on December 31, 2008	Maturity date	On-going cost of funding
2005 - Europe and Australia	600.0 EUR	616.3 EUR	478.6 EUR	478.6	589.7	20/11/2012	BT & EUR/US Commercial Paper +0.48%
United-States (1)	250.0 USD	304.6 USD	224.4 USD	155.8	326.7	23/12/2014	US Commercial Paper +2.0% (2)
Canada (3)	175.0 CAD	205.5 CAD	162.0 CAD	107.1	73.8	13/12/2012	Canadian Commercial Paper +0.45%
2008 - Europe (4)	450.0 EUR	340.8 EUR 130.9 GBP	221.9 EUR 79.6 GBP	315.1	264.8	17/12/2013	BT & Euro/US Commercial Paper +1,27%(5)
TOTAL				**1,056.6**	**1,255.0**		

(1) Commitment amended on December 23, 2009 concurrently with Ester program (see note 11.2)

(2) According to margin grid depending on the leverage ratio

(3) Commitment increased from CAD140 million in December 2008 to CAD175 million since March 2009

(4) Commitment decreased from €600 million in December 2008 to €450 million on December 17, 2009

(5) As amended in December 2009

At December 31, 2009, the total commitment amounts to an equivalent of €1,339.2 million and was utilized up to €1,056.6 million.

19.2 | Change in net financial debt

As of December 31, 2009 and December 31, 2008, change in net financial debt is as follows:

(in millions of euros)		2009	2008
At January 1,		**2,932.0**	**1,606.6**
Reimbursement of Senior Credit Agreement 2007			(947.5)
Re-financing of Hagemeyer pre-acquisition debt		-	(260.0)
Subscription of Senior Credit Agreement 2008		-	4,323.1
Reimbursement of 2008 Senior Credit Agreement		(2,401.0)	(1,927.6)
Transaction costs related to the 2008 Senior Credit Agreement			(66.6)
Transaction costs of european securitization program 2008			(4.6)
Subscription of Senior Credit Agreement 2009		1,082.0	-
Subscription of Senior Notes		575.0	-
Transaction costs related to the 2009 refinancing	(1)	(64.1)	-
Repayment of the 1998 Indexed bond		-	(45.7)
Net change in other credit facilities and bank overdrafts		4.5	(40.3)
Net change in credit facilities		**(803.6)**	**1,030.8**
Net change in securitization	(2)	(236.2)	354.0
Payment of finance lease liabilities		(7.7)	(66.3)
Net change in financial liabilities		***(1,047.5)***	***1,318.5***
Change in cash and cash equivalents		406.3	(246.0)
Foreign currency exchange discrepancies		70.2	(85.2)
Change in consolidation scope		5.5	314.6
Amortization of transaction costs	(3)	36.6	39.6
Other changes		(1.9)	(16.1)
At December 31,		**2,401.2**	**2,932.0**

(1) Including financing fees on Senior Notes for €13.0 million, new Senior Credit Agreement for € 27.9 million and financing fees related to amendment to the previous Senior Credit Agreement incurred in July 2009 for €22.8 million.

(2) Including decrease of United-States programme following implementation of the Ester programme (see note 11.2)

(3) Including a write-off for an amount of €16.4 million following December 2009 refinancing and €4.8 million following July 2009 amendment to the previous Senior Credit Agreement (see note 8).

In the year ended December 31, 2009, change in credit facilities included the following transactions:

Refinancing of the 2008 Senior Credit Agreement and issuance of Senior Notes on December 2009

On December 21, 2009 the remaining amount due under Facility A of the 2008 Senior Credit Agreement has been entirely redeemed for an amount of €2,104.7 million. This Credit Agreement was refinanced simultaneously by drawings under the new Senior Credit Agreement for an amount of €1,082 million and the issuance of the €575 million senior unsecured notes. The balance was paid with available cash at the date of the transaction. Financing fees related to this transaction amounted to €13.0 million for the issuance of Senior Notes and €27.9 million for new Senior Credit Agreement.

Amendment of the 2008 Senior Credit Agreement on July 2009

As part of the execution of the amendment to the 2008 Senior Credit Agreement signed on July 30, 2009, Rexel paid off by anticipation €150.0 million under Facility A and €60.0 million under Facility A’. Financing fees related to this transaction amounted to €22.8 million.

Repayment of Facility D under the 2008 Senior Credit Agreement on March 2009

On March 26, 2009, the remaining amount due under Facility D of the 2008 Senior Credit Agreement was fully repaid for an amount of €86.7 million. This two-year- term facility was repaid with part of the proceeds of new securitisation programs set up by Rexel in December 2008 following the acquisition of Hagmeyer.

In year ended December 31, 2008, change in net financial debt includes the following operations:

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 €947.5 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 Senior Credit Agreement for an amount of €4,312.0 million (€4,323.1 million converted at average rates as at December 31, 2008 originally composed of a multicurrency credit facility A for an amount of €3,092.2 million, and two others credit facilities, C and D, for respectively €737 million and €493.9 million).

Reimbursement of facilities under the 2008 Senior Credit Agreement

Following the sale to Sonepar of non-retained Hagemeyer entities in June 2008 and the implementation of a European securitization program in December 2008, Rexel repaid €1,927.6 million of the 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 €407.6 million.

Transaction costs

Transaction costs related to the Senior Credit Agreement and the European securitization program are presented in net change in credit facilities for an amount of respectively €65.8 million and €4.6 million.

Payment of finance lease liabilities

Change in finance lease liabilities mainly includes for an amount of €26.9 million repayment of finance lease debt related to the disposal of seven lease contracts in France (see note 7.1).

Net change in securitization

Net change in securitization includes drawings under the European securitization program set up in December 2008 for an amount of €292.4 million.

Change in consolidation scope

Change in consolidation scope includes the take over of Hagemeyer indebtedness and Sonepar indebtedness in Sweden at the acquisition date for an amount of €320.0 million less Germany debt for €6.0 million following the disposal of Rexel historical business in Germany.

20. | MARKET RISKS AND FINANCIAL INSTRUMENTS

20.1 | Interest rate hedging

In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio (including fixed and capped interest rates) close to 80% of the net financial debt and the remaining at variable interest rates.

Every month the Group monitors the interest rate risk through a group treasury committee, which involves the top management. This process enables the Group to assess the efficiency of the hedges and to adapt them to the underlying indebtedness when necessary.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

(in millions of euros)	As of December 31	
	2009	**2008**
Senior notes and other fixed rate debt	585.5	35.0
Fixed rate debt before hedging	*585.5*	*35.0*
Variable to fixed rate swaps	1,047.8	1,183.0
Fixed to variable rate swaps	(225.0)	-
Interest rate options - Caps and Collars	1,057.6	1,087.9
Sub total fixed or capped rate debt after hedging	***2,465.9***	***2,305.9***
Variable rate debt before hedging	2,175.3	3,704.0
Variable to fixed rate swaps	(1,047.8)	(1,183.0)
Fixed to variable rate swaps	225.0	-
Active Interest rate options - Caps and Collars [(1)]	(1,057.6)	(69.3)
Cash and cash equivalents	(359.6)	(807.0)
Sub total current variable rate debt after hedging	**(64.7)**	**1,644.7**
Inactive Interest rate options - Caps and Collars	-	(1,018.6)
Sub total fully floating rate debt	**(64.7)**	**626.1**
Total net financial debt	**2,401.2**	**2,932.0**

[(1)] Interest options for which one of the strikes (for Cap or Floor) is in the money

In accordance with the policy laid down above, 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 euros, pound sterling, and Canadian dollar- denominated collars contracts.

These derivatives mature between March 2010 and March 2013. It is the Group's intention to renew a material part 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. The group nevertheless also changed its high yield bond fixed debt into floating debt to balance the ratio fixed/floating for €325.0 million. Those instruments are classified as fair value hedge.

Fair value hedge derivatives

	Total notional amount	**Maturity**	**Weighted average fixed rate received**	**Variable rate paid**	**Fair value** *(in millions of euros)*
Swaps paying variable rate					
Euro	325,0 (1)	December 2016	2.92%	3M Euribor	(2.7)
Total					**(2.7)**

[(1)] of which €100 million beginning in January 2010

Changes in fair value of the derivatives designated as hedges to the variability of the fair value of liabilities are recognized in profit or loss. The changes in fair value of the fair value hedge derivatives and of the underlying liabilities are recognized as interest expense on borrowings. The change in fair value of these swaps for the period ended December 31, 2009 was a loss of €2.7 million, matched against a gain of €2.7 million resulting from the change in the fair value of the hedged item attributable to the hedged risk.

Cash flow hedge derivatives

As of December 31, 2009, 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 …………………………………	281.2	March 2010		1M Euribor	3.15%	(1.7)
Canadian $ …………………………	80.0	March 2010		3M Libor	4.02%	(0.4)
	70.0	March 2013	(1)	3M Libor	2.72%	(0.5)
Swedish Krona …………………….	430.0	March 2010		3M Stibor	3.36%	(0.2)
	500.0	September 2012	(1)	3M Stibor	2.59%	(0.6)
Australian $ …………………………	41.5	March 2010		3M Libor	6.10%	(0.1)
US $ ………………………………	269.0	March 2010		3M Libor	4.64%	(1.7)
	200.0	September 2011		3M Libor	3.35%	(5.2)
	230.0	December 2011		3M Libor	3.50%	(6.7)
	200.0	September 2012		3M Libor	3.18%	(4.9)
	276.2	March 2013	(1)	3M Libor	2.82%	(3.0)
Total						**(25.0)**

(1) Beginning on March 16, 2010

	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)*
Collars						
Euro…………………….	900.0	March 2011	0.8	3M Euribor	2,65%-4,50%	(16.1)
Pound Sterling……….	66.0	March 2011	0.02	3M Libor	3,75%-5,75%	(2.3)
Canadian $ …………..	126.0	March 2011	0.1	3M C-Dor	2,75%-5,00%	(1.8)
Total			**0.92**			**(20.2)**

On December 31, 2009, the total notional amount of cash flow hedge swaps and cash flow hedge options were €1,337.2 million and €1,057.6 million, respectively.

The change in fair value of the cash flow hedge instruments for the period ended December 31, 2009 was recognized as a reduction in shareholders' equity for an amount of €3.6 million (before tax).

The following table indicates the periods in which the Group expects the cash flow associated with derivative instruments qualified as cash flow hedges. They will be recognized in profit and loss account following the same schedule:

(in millions of euros)	**Fair value**	**One year**	**Two years**	**Three years**	**Thereafter**
Derivative assets ……………	-	-	-	-	-
Derivative liabilities …………	45.2	39.8	7.6	(1.6)	(0.6)
Derivatives ……………………	**45.2**	**39.8**	**7.6**	**(1.6)**	**(0.6)**
Cash flow hedged ………….	45.2	39.8	7.6	(1.6)	(0.6)

Sensitivity to interest rate variation

As of December 31, 2009 an instantaneous rise of 1% in short-term interest rates on variable debt including hedging effective in 2010 after the 1% rise, would lead to an increase in interest expense estimated to €5.3 million on a yearly basis,.

20.2 | 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 neutralize the exposure to the exchange rate risk, the positions denominated 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 December 31, 2009 were respectively €403.6 million (€669.1 million forward sales and €265.5 million forward purchases) and €(8.6) million. Change in fair value of foreign exchange rate derivatives amounted to €(10.5) million as of December 31, 2009 and is accounted for in net financial expenses for €8.2 million (see note 7) and through equity in the cash flow hedge reserve for €2.3 million before tax.

Sensitivity to variation in the exchange rate

In 2009, 60% of the Group's sales on a pro-forma basis were in currencies other than euro, including nearly 20% in US dollars and 10% in Canadian dollars.

Also, around half of the Group's net debts was originally denominated in currencies other than the euro, of which nearly 27% in US dollars and 9% in Canadian dollars. The presentation currency of the financial statements being the euro, the Group is required to translate into euro those assets, liabilities, revenues and expenses denominated in other currencies in preparing its financial statements.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. A 5% increase (or decrease) of the euro against the US dollar and the Canadian dollar would have led to a decrease (increase) in sales of €171.7 million and a decrease (increase) in operating income before other income and other expenses of respectively €5.8 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the exchange rate at the close of the fiscal year. Thus, a 5% variation in the exchange rate of the U.S. or Canadian dollar considered at the close of the fiscal year on December 31, 2009, would result in a corresponding decrease or increase in financial debt and shareholders' equity of, respectively, €42.3 million and €2.0 million for an appreciation of the euro.

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

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian crown	Swedish kronor	Pound sterling	Other currency	Total
Financial liabilities	1,576.9	585.8	241.1	73.7	7.1	0.7	132.4	142.9	2,760.8
Cash and cash equivalents.............	(185.7)	(70.9)	(1.2)	(37.9)	(12.9)	(11.6)	(11.5)	(27.9)	(359.6)
Net financial position before hedging	**1,391.3**	**514.9**	**239.9**	**35.8**	**(5.7)**	**(10.9)**	**120.9**	**115.0**	**2,401.2**
Impact of hedge..........	(443.7)	87.2	4.6	25.3	203.0	163.2	(76.0)	36.4	-
Net financial position after hedging	**947.6**	**602.1**	**244.5**	**61.1**	**197.3**	**152.4**	**44.8**	**151.4**	**2,401.2**
Impact of a 5% increase of exchange rate.....................		30.1	12.2	3.1	9.9	7.6	2.2	7.6	72.7

20.3 | Liquidity Risk

Rexel has extended its financial structure with the issuance of the €575 million Senior Notes with a 7 year maturity, and with a new €1,700 million senior credit agreement maturing in December 2014.

The Group may be required to repay amounts due under the Senior Credit Agreement early in the case of the occurrence of certain events or as a result of non-compliance with covenants set out in note 19.1.2.

Lastly, securitization programs mature in 2012, 2013 and 2014. The financing arising from these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial situation could be affected.

The contractual repayment schedule of financial debt is as follows:

(in millions of euros)	As of December 31	
Due within	**2009**	**2008**
One year	83.4	272.3
Two years...	(20.8)	328.9
Three years...	571.6	264.5
Four years..	300.1	2,598.0
Five years..	1,246.8	266.2
Thereafter...	579.7	9.1
Total financial debt...	**2,760.8**	**3,739.0**

As of December 31, 2009, the remaining contractual due dates, including interest owed, are as follows:

(in millions of euros)

Due within :	**Financial debt & interests**	**Derivatives**	**Total**
One year………………………….	206.8	35.6	242.4
Two years…………………………	105.4	7.5	112.9
Three years………………………	685.9	(1.4)	684.5
Four years……………………….	402.9	0.6	403.5
Five years………………………...	1,342.1	2.6	1,344.7
Thereafter………………………...	674.6	8.3	682.9
Total financial Debt …………	**3,417.8**	**53.2**	**3,471.0**

20.4 | Credit risk

The financial instruments that could expose the Group to a concentration of credit risk are principally trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk in respect of trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, industries, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The outstanding amount of the accounts receivable after impairment amounted to €1,901.5 million and is detailed in this document (see 11.2).

The credit risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counter-parties, which are the Group's historical banking partners for its financing, and are quite-exclusively major European establishments. Outstanding amount was €364.0 million as of December 31, 2009 (€814.9 million as of December 31, 2008), corresponding to the net book value of the mentioned elements.

The maximum credit risk on the Group's other financial assets was €370.7 million as of December 31, 2009 (€472.0 million as of December 31, 2008) and essentially corresponds to supplier discounts receivable.

21. | SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)		Category IAS 39	Hierarchy	2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
				As of December 31			
Bonds		AC		575.0	579.3	-	-
Other financial debts, including accrued interest		AC		2,185.8	2,185.8	3,739.0	3,739.0
Total financial liabilities				**2,760.8**	**-**	**3,739.0**	**-**
Hedging derivatives	(1)	N/A	2	43.7	43.7	45.0	45.0
Other liabilities	(2)	N/A		10.5	N/A	10.2	N/A
Total other non-current liabilities				**54.2**	**43.7**	**55.2**	**45.0**
Trade accounts payable		AC		1,676.0	1,676.0	1,930.0	1,930.0
Vendor rebates receivable		AC		102.4	102.4	107.8	107.8
Personnel and social obligations	(2)	N/A		216.7	N/A	263.2	N/A
VAT receivable and other sales taxes	(2)	N/A		65.8	N/A	69.1	N/A
Hedging derivatives	(1)	N/A	2	4.1	4.1	3.9	N/A
Other derivatives		TR	2	9.9	9.9	4.0	4.0
Other liabilities		AC		149.7	149.7	169.0	169.0
Deferred income	(2)	N/A		3.7	N/A	7.5	N/A
Total other debts				**552.3**	**-**	**624.5**	**-**

(1) Specific accounting measurements for hedging
(2) Not classified as a financial liability under IAS 39

Financial liabilities - stated at amortized cost	AC
Held for trading	TR
Fair value through profit or loss	FV
Not applicable	N/A

22. | LITIGATION

22.1 | Litigation

The Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably. The principal proceedings are set out below.

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 management board 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 N.V. to Ceteco of €42 million, fully depreciated by Hagemeyer N.V.

This claim is based on the allegation 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 supervisory board during the period of the alleged mismanagement. In addition, and alternatively, the bankruptcy receivers allege that Hagemeyer N.V., 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 has unfairly dismissed Ceteco's supervisory board and management board.

The damages in this tort claim are based on the losses 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. Taking into account the full depreciation of Hagemeyer N.V.'s subordinated loan, the aggregate claim of the bankruptcy receivers is not expected to exceed €148 million, although the Group cannot give any assurances in this respect.

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.

Pursuant to a judgment rendered on December 12, 2007, the Utrecht district court allowed the claim of the bankruptcy receivers of Ceteco and ordered Hagemeyer N.V., as well as the former members of the management board and 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 management board and supervisory board were jointly and severally sentenced to make an advance payment on damages of €50 million. Hagemeyer N.V. and some of the former members of Ceteco's management board and supervisory board have appealed this judgment, with a suspensive effect thereon including on the payment of the advance on damages and on the separate proceeding which is to determine the amount of damages. Hagemeyer N.V. filed its memorandum in response on June 24, 2008. On February 8, 2008, the bankruptcy receivers seized the shares of certain of Hagemeyer N.V.'s directly-held Dutch subsidiaries and intragroup receivables, for an amount of €190 million that were due on February 8, 2008 by these Dutch subsidiaries to Hagemeyer N.V. Hagemeyer appealed this decision. By a ruling dated May 22, 2008, the Appeal Court dismissed the appeal of Hagemeyer N.V. without giving any decision in respect of the validity of these seizures. Hagemeyer N.V. has appealed this ruling before the Dutch Supreme Court.

Hagemeyer N.V., as member of the supervisory board, the management board of Ceteco NV, the auditors of Ceteco and one of its insurance company, entered into a settlement with Ceteco's receivers on February 8, 2010, under which all legal actions and claims pursuant to Ceteco's bankruptcy will be withdrawn and finally waived. The financial impact for Hagemeyer N.V. of such settlement will be circa €31 million net of all payments by Sonepar (pursuant to the October 23, 2007 agreement that provides for certain provisions in relation to the allocation of the losses, if any, suffered as a result of this litigation proceeding) and by all other parties. Closing of this transaction is expected to take place on March 1st, 2010 at the latest.

Litigation relating to Elettroveneta

During 2007, Rexel Italia, an indirect subsidiary of Rexel, considered the acquisition of Elettroveneta, an Italian corporation operating mainly in the region of Veneto. In 2007, further to a disagreement on the price, the execution of the agreement was cancelled. On July 31, 2008, the shareholders of Elettroveneta filed a claim with the court of Monza against Rexel Italia, Rexel SA and its manager based on the allegation that an agreement on the price had been reached and therefore, there is an agreement between the parties in spite of the lack of signature.

Elettroveneta's shareholders have filed a claim with the Court of Monza for an indemnification for the losses suffered of a minimum amount of €24.8 million excluding interest. Elettroveneta's shareholders consider that the losses suffered are between €24.5 million and €29.5 million. The Court of Monza having recognized that it was not competent, dismissed itself; the proceedings are now reinstated before the Court of Milan.

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

Asbestos litigation and product liability

The Group is party to several proceedings relating to exposure to asbestos-containing materials in North America. The Group believes that its exposure to having to pay significant amounts in connection with these proceedings is limited and that these lawsuits will not have, individually or in the aggregate, a material adverse effect on its financial condition or results of operations as these claims may be rejected or will be settled for amounts covered partially or totally by Rexel's insurance policies. Considering the wide range of these claims, the number of defendants and the absence of claim against the group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. The amounts the Group may pay, as the case may be, are difficult to quantify.

22.2 | Tax litigation

As of December 31, 2009, the principal tax proceedings involving Group companies are described below:

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium was subject to a tax reassessment for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of this tax reassessment, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2007 amounts to €52.1 million. All reassessments have been challenged by Manudax Belgium.

The time allowed for recourse against Manudax's shareholder is statute barred. The Group considers that the risk of recovery by the Belgian tax authorities is limited to the amount available on Manudax's current account with Hagemeyer, i.e. €14 million, without any impact on the Group's financial situation.

Rexel Développement S.A.S.

In 2008, Rexel Développement S.A.S. was subject to a tax audit for the fiscal years 2005 and 2006.

In December 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global Private Equity Partner Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to be rendered in the business interest of the company and are qualified as constructive dividends. This results in a proposed tax reassessment of approximately €22 million, including penalties and interest for late payment.

Tax authorities maintain their position at the end of 2009 and a provision for the related tax reassessment has been recognized. The Group contests the argumentation developed by the tax authorities.

Rexel Distribution

In 2008, Rexel Distribution was notified a proposed tax reassessment by the French tax authorities which alleged that the selling price of its shareholding in Rexel, Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Mexel, was lower by €346 million than its fair value. This reassessment at year-end 2009 amounts to €46,2 million, resulting in a maximum income tax expense of circa €18 million excluding interest for late payment. This amount was reserved through an allowance on tax losses carried forward. The group contests the argumentation of the tax authorities.

22.3 | Other Potential Liabilities

In the scope of the disposal of certain of its subsidiaries, the Group has granted the following guarantees to the acquirers. As at the date of closing of the financial statements, these guarantees have not been triggered.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the acquirer for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million before taxes for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

Warranties given in connection with the sale of the Gardiner group companies

In connection with the disposal of Gardiner to Electra Partners, an investment fund, the Group granted a tax liability warranty which expires on June 30, 2010. This warranty was granted for a maximum amount of €60 million, with a minimum threshold of €1 million.

Warranties given in connection with the sale of Kontakt System

In the context of the sale of assets of the connection and telematics branch of Kontakt System, which occurred on June 4, 2007 and August 24, 2007, the Group granted the acquirer a warranty limited to CHF 2.3 million for a period of 18 months, starting from the date of the disposal, extended till the end of the limitation period for disputes relating to tax and employment matters.

Warranties given in connection with the sale of the non-core business of Westburne in Canada

Effective June 30, 2001, the Group sold the non-electrical portion of its business, namely Plumbing and Waterworks, Refrigeration & HVAC and Industrial Products, operated by various wholly-owned subsidiaries in Canada for CAD$550,000. As part of the purchase and sale agreement, the Company retained certain liabilities of the businesses which relate to events occurring prior to their sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Company indemnified the purchaser in the event that a third party asserts a claim against the purchaser that relates to liabilities retained by the Company. According to the purchase and sale agreement, the Company will be released from its obligations under these guarantees, over a 15-year period with the final obligations being released in 2016.

Over the last financial year, to the knowledge of the Rexel's Group, there was no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

23. | RELATED PARTY TRANSACTIONS

Executive compensation

Expenses relating to compensation of the executive committee members of the Group are as follows:

	For the year ended December 31	
(in millions of euros)	**2009**	**2008**
Salaries and other short-term benefits …………………………	10.3	11.8
Post-employment benefits (service costs) ……………………….	1.9	1.8
Indemnities at termination of contract …………………………….	-	1.1
Free shares and stocks options [(1)]………………………………….	0.3	13.6

[(1)] Share-based payment expense is detailed in note 15.1 –Free shares schemes

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

As of December 31, 2009, the executive committee members may receive, subject to presence and performance conditions, 988,421 shares of Rexel under the Free Share Scheme (2,143,799 at December 31, 2008) and 94,570 shares under the stock options program (50,376 at December 31, 2008) (see 15.1).

Finally, in case of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €11.9 million.

Transactions with Bank of America

Under the refinancing transactions entered into on December 21, 2009 (see note 19.1), Bank of America, parent company of Merrill Lynch Global Private Equity (one of the three main shareholders of Rexel) has invoiced upfront fees for an amount of €1.4 million as underwriter of the Senior Notes, and for an amount of €0.7 million as mandated lead arranger of the new Senior Credit Agreement.

24. | CONTRACTUAL OBLIGATIONS

24.1 | Contractual Obligations

The following table details the due dates of the Group's financial debts, lease contracts and service agreements:

(in millions of euros)	Payments due as at December 31, 2009					
	Total	**2010**	**2011**	**2012**	**2013**	**> 2013**
Financial debt…………………………	2,760.8	83.4	(20.8)	571.6	300.1	1,826.5
Operating leases ……………………	720.2	190.6	139.3	105.3	78.1	206.9
Service agreements …………………	85.5	22.7	22.6	22.6	8.8	8.8

Commitments to lease contracts

The above table presents the minimum lease for uncancellable contracts for buildings and installations for which the due date is more than one year from December 31, 2009.

The total expense for lease contracts was €223.6 million for the year ended December 31, 2009 (€133.7 million as of December 31, 2008).

Non-cancellable service agreements

As part of its policy of outsourcing IT resources, the Group has concluded service contracts in the United States, France and Canada. The French service contract expires in 2012. In Canada and the United States, Rexel renegotiated the contracts which were set to expire in 2012 and 2008. The new contracts will expire in 2014. They include commitments to pay and penalties for early termination. Fees remaining due in respect to these IT service agreements come to €87.7 million as of December 31, 2009.

25. | EVENTS AFTER THE REPORTING PERIOD

On January 20, 2010, as a supplement of the issuance effective on December 21, 2009 of €575.0 million of its Senior Notes due 2016 (see note 19.1.1), Rexel issued an additional amount of €75.0 million at 8.25%. The additional notes have identical terms and conditions as, and upon completion of a 40-day distribution compliance period will be fully fungible with, the original Notes. The issue price was 102.33% of the principal amount of the additional notes plus accrued interest for the period from December 21, 2009 to January 20, 2010 of €0.5 million, or €77.2 million.

26. | CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2009

	Registered office	% Interest	% Control
FRANCE			
Holdings and Group service companies			
Rexel S.A.	Paris	Parent company	
Rexel Développement S.A.S.	Paris	100,00	100,00
Rexel Distribution S.A.	Paris	100,00	100,00
Rexel Services S.A.S.	Paris	100,00	100,00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100,00	100,00
Société Logistique Appliquée S.N.C.	Paris	100,00	100,00
Rexel Financement S.N.C.	Paris	100,00	100,00
Rexel Amérique Latine S.A.S.	Paris	100,00	100,00
DL Systemes E.U.R.L.	Saint Laurent du Var	100,00	100,00
SCI Adour Bastillac	Paris	70,00	100,00
SCI CM Immobilier	Paris	100,00	100,00
Operating companies			
Rexel France S.A.S.	Paris	100,00	100,00
Dismo France S.A.S.	St-Ouen l'Aumône	100,00	100,00
Appro 5 S.A.S.	St Apollinaire	100,00	100,00
Espace Elec S.A.S.	Bastia	100,00	100,00
Bizline S.A.S.	Paris	100,00	100,00
Citadel S.A.S.	Paris	100,00	100,00
Conectis S.A.S.	Paris	100,00	100,00
NFM S.A.S.	Rosny sous Bois	100,00	100,00
Francofa Nord S.A.S.	Lomme	100,00	100,00
Francofa S.A.S.	Rosny sous Bois	100,00	100,00
Francofa Sud Est S.A.S.	Vénissieux	100,00	100,00
EUROPE			
Germany			
Rexel GmbH	Munich	100,00	100,00
Simple System GmbH & Co KG	Munich	20,00	20,00
Euro Marketing & Dienstleistungs GmbH	Munich	100,00	100,00
Hagemeyer Deutschland GmbH & Co KG	Munich	100,00	100,00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100,00	100,00
Hagemeyer Beteiligungs GmbH	Munich	100,00	100,00
Silstar Deuthschland GmbH	Emmerich	100,00	100,00
Hagemeyer Holding Deutschland GmbH	Munich	100,00	100,00
United Kingdom			
CDME UK Ltd	Potters Bar	100,00	100,00
Rexel Senate Ltd	Potters Bar	100,00	100,00
Denmans Electrical Wholesalers Ltd	Potters Bar	100,00	100,00
Martines Ltd	Potters Bar	100,00	100,00
Power Industries Ltd	Erdington	100,00	100,00
Clearlight Electrical Ltd	Erdington	100,00	100,00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100,00	100,00

	Registered office	% Interest	Control
Withworth Electric Co,Ltd	Potters Bar	100.00	100.00
Senate Group Ltd	Potters Bar	100.00	100.00
John Godden Ltd	Potters Bar	100.00	100.00
Sunbridge TradingCo. Ltd	Potters Bar	100.00	100.00
Sunbridge Electrical Wholesales Ltd	Potters Bar	100.00	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00	100.00
Hagemeyer TCI Ltd.	Grand Cayman	100.00	100.00
Rexel (UK) Ltd	Birmingham	100.00	100.00
Newey & Eyre (Jersey) Ltd.	Birmingham	100.00	100.00
Newey & Eyre Export Ltd.	Birmingham	100.00	100.00
Parker Merchanting Limited	Birmingham	100.00	100.00
WF Electrical Plc	Dagenham	100.00	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00	100.00
Neilco Ltd.	Birmingham	100.00	100.00
Warrior (1979) Ltd.	Birmingham	100.00	100.00
Total Security Supplies Limited	Birmingham	100.00	100.00
Newey & Eyre International Ltd.	Birmingham	100.00	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00	100.00
A&A Security Technologies Limited	Birmingham	100.00	100.00
Barron Control Group Limited	Birmingham	100.00	100.00
Defiance Contractor Tools Limited	Birmingham	100.00	100.00
J&N Wade Limited	Dagenham	100.00	100.00
Blackstone Holdings Limited	Dagenham	100.00	100.00
OLC Limited	Dagenham	100.00	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00	100.00
WF Electrical Quest Trustees Ltd.	Dagenham	100.00	100.00
OLC (Holdings) Ltd.	Dagenham	100.00	100.00
Rexel Financial Corporation (BVI)	Tortola	100.00	100.00
HCL Limited	Hamilton	100.00	100.00
Sweden			
Svenska Elecktroengros AB	Alvsjô	100.00	100.00
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00	100.00
EL Materiel AB	Alvsjô	100.00	100.00
Electriska Standardkatalogen AB	Alvsjô	100.00	100.00
John Martensson Elmaterial AB	Alvsjô	100.00	100.00
Mellansvenka Electriska AB	Alvsjô	100.00	100.00
Storel AB	Lila edet	100.00	100.00
Moel AB	Bredaryd	100.00	100.00
Austria			
Rexel Central Europe Holding GmbH	Vienne	100.00	100.00
Rexel Austria GmbH	Vienne	100.00	100.00
Schäcke GmbH	Vienne	100.00	100.00
Regro Elektro-Grosshandel GmbH	Vienne	100.00	100.00
Beli Vermogensverwaltungs GmbH	Vienne	100.00	100.00

	Registered office	% Interest	% Control
Nederlands			
CDME BV	Amsterdam	100.00	100.00
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00	100.00
Haagtechno B.V.	Hertogenbosch	100.00	100.00
Kompro B.V.	Hertogenbosch	100.00	100.00
Hagemeyer Electronics Holding B.V.	Hoofddorp	100.00	100.00
Servicom B.V.	Den Bosch	100.00	100.00
Hagemeyer NV	Hoofddorp	100.00	100.00
Rexel NCE Supply Solutions B.V. (formerly Hagemeyer Global	Hoofddorp	100.00	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00	100.00
Advaldis B.V.	Hoofddorp	100.00	100.00
Hagemeyer Vast Goed B.V.	Hoofddorp	100.00	100.00
Union Holding B.V.	Hoofddorp	100.00	100.00
Fodor B.V.	Hoofddorp	100.00	100.00
Fodor Holding B.V.	Hoofddorp	100.00	100.00
Fodor Nederland B.V.	Hoofddorp	100.00	100.00
Borint B.V.	Hoofddorp	100.00	100.00
Borsu International B.V.	Hoofddorp	100.00	100.00
Freetime Group B.V.	Hoofddorp	100.00	100.00
Rexel NCE B.V. (formerly Hagemeyer Services B.V.)	Hoofddorp	100.00	100.00
Computerij Onderwijs BV	Hoofddorp	100.00	100.00
Italy			
Rexel Italia SpA	Agrate Brianza	100.00	100.00
Spain			
ABM-Rexel SL	Madrid	100.00	100.00
Belgium			
Rexel Belgium S.A.	Bruxelles	100.00	100.00
Portugal			
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00	100.00
Ireland			
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00	100.00
M Kelliher 1998 Ltd.	Dublin	100.00	100.00
Hagemeyer Ireland Ltd.	Dublin	100.00	100.00
Hagemeyer Ireland Investments Ltd.	Dublin	100.00	100.00
Hagemeyer Industrial Ireland Ltd	Co. Louth	100.00	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00	100.00
Portlaoise Electrical Wholesale Ltd	Count Laois	100.00	100.00
Gen-Weld safety EquipementCy Ltd	Limerick	100.00	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	100.00	100.00
Switzerland			
Finelec Developpement S.A.	Sion	100.00	100.00
Elektro Material AG	Zurich	100.00	100.00
Luxembourg			
Rexel Luxembourg S.A.	Luxembourg	100.00	100.00
Czech Republic			
Rexel CZ s.r.o.	Prostejov	100.00	100.00
Hagemeyer Czech Republic s.r.o.	Hostivice	100.00	100.00

	Registered office	% Interest	Control
Slovakia			
Hagard Hal AS	Nitra	100,00	100,00
Hagemeyer Slovak Republic s.r.o.	Bratislava	100,00	100,00
Hungary			
Rexel Hungary General Supply & Services LLC	Budapest	100,00	100,00
Slovenia			
Elektronabava d.o.o.	Ljubljana	100,00	100,00
Poland			
Elektroskandia Polska S.A.	Poznań	100,00	100,00
Russia			
Est-Elec Ltd.	Moscou	100,00	100,00
ZAO Elektroskandia	St. Petersbourg	100,00	100,00
Latvia			
Elektroskandia SIA	Riga	100,00	100,00
Estonia			
Elektroskandia AS	Tallinn	100,00	100,00
Republic of Lithuania			
UAB Elektroskandia	Vilnius	100,00	100,00
Finland			
Elektroskandia Suomi Oy	Hyvinkää	100,00	100,00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100,00	100,00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100,00	100,00
Norway			
Elektroskandia Norge AS	Oslo	100,00	100,00
Elektroskandia Norway Holding AS	Oslo	100,00	100,00
SOUTH AMERICA			
Chile			
Rexel Chile SA	Santiago	100,00	100,00
Rexel Electra SA	Santiago	100,00	100,00
Flores y Kersting SA	Santiago	100,00	100,00
Brazil			
Elektroskandia Indústria E Commércio Lta.	Sao Paulo	100,00	100,00
NORTH AMERICA			
United States			
Beacon Electric Supply Inc.	San Diego	100,00	100,00
Lenorac Incorporated	Wilmington	100,00	100,00
International Electrical Supply Corp.	Wilmington	100,00	100,00
Rexel Inc.	Dallas	100,00	100,00
Rexel USA Inc.	Dallas	100,00	100,00
SKRLA LLC	Dallas	100,00	100,00
SPT Holdings Inc.	Dallas	100,00	100,00
Summers Group Inc.	Dallas	100,00	100,00
Rexel of America LLC	Dallas	100,00	100,00
Branch Group Inc.	Dallas	100,00	100,00
Southern Electric Supply Company Inc.	Dallas	100,00	100,00
Vantage Electric Group Inc.	Crystal Lake	50,00	100,00
CES Bahamas Ltd	Dallas	99,80	99,80
General Supply & Services Inc.	Shelton	100,00	100,00
GE Supply Logistics LLC	Irving	100,00	100,00

	Registered office	% Interest	% Control
Gesco General Supply & Services Puerto Rico LLC	Porto Rico	100,00	100,00
General Supply & Services Malaysia LLC	Shelton	100,00	100,00
General Supply & Services Macau LLC	Shelton	100,00	100,00
General Supply & Services Indonesia LLC	Shelton	100,00	100,00
General Supply & Services SA Holding LLC	Shelton	100,00	100,00
Caronel Inc.	Guam	100,00	100,00
Caronel Saipan Inc.	Saipan	100,00	100,00
Canada			
Rexel North America Inc.	St Laurent	100,00	100,00
Rexel Canada Electrical Inc.	St Laurent	100,00	100,00
Kesco Electric Supply Limited	Petersborough	100,00	100,00
Mexico			
Gexpro Mexico S de RL de CV	Nuevo Leon	100,00	100,00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100,00	100,00

ASIA PACIFIC

China			
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65,00	65,00
Comrex International Trading Shanghai Co Ltd	Shanghai	100,00	100,00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65,00	65,00
Comrex Hong Kong Ltd	Hong Kong	100,00	100,00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70,00	70,00
Zhejiang Huazhang Electric Trading Co Ltd	Hangzhou	70,00	100,00
Gexpro Supply (Shanghai) Co Ltd	Shanghai	100,00	100,00
Rexel China Management Co Ltd	Shanghai	100,00	100,00
Suzhou Xidian Co Ltd	Suzhou	63,50	63,50
Cosa Liebermann Limited	Hong Kong	100,00	100,00
HCL Group (Hong Kong) Ltd.	Hong Kong	100,00	100,00
QI-YI General Supply & Services Macau Ltd	Macau	100,00	100,00
Liebermann Waelchli & Co. Ltd	Hong Kong	100,00	100,00
Korea			
Cosa Liebermann Korea Co. Ltd.	Seoul	100,00	100,00
Indonesia			
P.T. Sutra Hacelindo	Jakarta	100,00	100,00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100,00	100,00
Pt General Supply & Services Indonesia	Jakarta	100,00	100,00
Malaysia			
General Supply & Services (M) SND BHD	Kuala Lumpur	100,00	100,00
Japan			
Cosa Liebermann KK	Tokyo	100,00	100,00
Singapore			
Gexpro Supply Asia Pty Ltd	Singapour	100,00	100,00
Thailand			
Rexel General Supply and Services Co Ltd	Bangkok	100,00	100,00
Australia			
Rexel Pacific Pty Ltd	Sydney	100,00	100,00
Rexel Australia Pty Ltd	Sydney	100,00	100,00
Australian Regional Wholesalers Pty Ltd	Milton	100,00	100,00
EIW Holding Pty Ltd	Perth	100,00	100,00
Lear & Smith Group Pty Ltd	Perth	100,00	100,00
Lear & Smith Holding Pty Ltd	Perth	100,00	100,00
Lear & Smith Investment Pty Ltd	Perth	100,00	100,00
Lear & Smith Electrical Wholesalers Pty Ltd	Perth	100,00	100,00

	Registered office	% Interest	Control
EIW Wangara Pty Ltd	Perth	100,00	100,00
EIW Kewdale Pty Ltd	Perth	100,00	100,00
EIW Malaga Pty Ltd	Perth	100,00	100,00
EIW Metro Pty Ltd	Perth	100,00	100,00
EIW O'Connor Pty Ltd	Perth	100,00	100,00
EIW Osborne Park Pty Ltd	Perth	100,00	100,00
EIW Bunbary Pty Ltd	Perth	100,00	100,00
EIW Geraldton Pty Ltd	Perth	100,00	100,00
EIW Kalgoorlie Pty Ltd	Perth	100,00	100,00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100,00	100,00
Hagemeyer Brands Australia Pty Ltd	Kingsgrove	100,00	100,00
New Zealand			
Hagemeyer (NZ) Ltd	Auckland	100,00	100,00
Redeal Ltd	Auckland	100,00	100,00
Redeal Pensions Ltd	Auckland	100,00	100,00

III. Statutory auditors' report

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
A Department of KPMG S.A.
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92923 Paris-La Défense Cedex

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel

For the year ended December 31, 2009

Statutory auditors' report
on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and articles of association, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Rexel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your management board (directoire). Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note 2.2.1 to the consolidated financial statements regarding the changes in accounting policy relating to the first application of IFRS 8 “Operating segments” and IFRIC 13 interpretation “Customer loyalty programs”.

II. Justification of our assessments

Accounting estimates related to the preparation of the financial statements at December 31, 2009 have been performed in a specific context, which already existed as of December 31, 2008, where economic perspectives are hardly predictable. In that context, and in accordance with the requirements of article L. 823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

As disclosed in note 2.2 to the consolidated financial statements, the group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (notes 2.9.4 and 20), goodwill and intangible assets (notes 2.5 and 3), employees’ benefits (notes 2.13 and 18), share-based payments (notes 2.14 and 15), provisions (notes 2.15, 17 and 22) and deferred taxation (notes 2.19 and 9). We have examined the data and assumptions used as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the group and verified that the notes to the consolidated financial statements provide appropriate disclosure.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, February 10, 2010

The statutory auditors

French original signed by

KPMG Audit *A Department of KPMG S.A.*	ERNST & YOUNG Audit
Hervé Chopin	Pierre Bourgeois