Leadership and proximity

Document de Référence 2008
(english version)

REXEL
ELECTRICAL SUPPLIES

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Rexel, Company with limited liability *(société anonyme)*
with a Management Board and Supervisory Board
with a share capital of €1,279,969,135
Registered office: 189-193, boulevard Malesherbes – 75017 Paris
479 973 513 R.C.S. Paris

2008

ANNUAL REPORT

DOCUMENT DE REFERENCE

In accordance with its General Regulations, in particular Article 212-23, the *Autorité des marchés financiers* has registered this Document de Référence on April 20, 2009 under number R.09-022. This document may not be used in connection with any financial transaction unless completed by a *note d'opération* in respect of which the AMF has granted a visa. It has been prepared by the issuer and its signatories therefore assume responsibility for its contents. This registration, in accordance with Article L.621-8-1-I of the French Financial and Monetary Code, was granted after the *Autorité des marchés financiers* has verified "whether the document is complete and comprehensible, and whether the information contained therein is consistent". It does not imply that the *Autorité des marchés financiers* has verified the accounting and financial information presented herein.

Copies of this *Document de Référence* are available at no cost at the registered office of Rexel, 189-193, boulevard Malesherbes, 75017 Paris – France. This *Document de Référence* is also available on the Internet site of Rexel **(www.rexel.com)** and on the Internet Site of the *Autorité des marchés financiers* **(www.amf-france.org).**

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*In this Document de Référence, **"Rexel"** refers to the company Rexel. References to **"Rexel Développement"** are to Rexel Développement S.A.S, a direct subsidiary of Rexel. References to **"Rexel Distribution"** are to Rexel Distribution, an indirect subsidiary of Rexel. References to **"Kelium"** are to Kelium, a direct subsidiary of Rexel Distribution. References to **"Hagemeyer"** are to the Dutch corporation Hagemeyer N.V., an indirect subsidiary of Rexel. The **"Rexel Group"** refers to Rexel and its subsidiaries and, before 2005, to Rexel Distribution and subsidiaries.*

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

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

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

1. Selected financial data

The selected financial data set forth below has been prepared on the basis of the consolidated financial statements of Rexel for the years ended December 31, 2008, 2007 and 2006, as well as of the pro forma financial data prepared for the year ended December 31, 2008 in order to reflect the impact of (i) the completion of the Hagemeyer Transaction (as such term is defined in paragraph 2.2 of this *Document de Référence*), and (ii) the sale of the business of distribution of electrical products of Hagemeyer in Ireland, as if these events had occurred on January 1, 2008. Unless otherwise indicated in this *Document de Référence,* references to "pro forma" data relate to the pro forma data as described above.

Rexel's consolidated income statement highlights

(in millions of euros)	Pro forma	Reported		
	2008	2008	2007	2006
Sales	13,735.0	12,861.6	10,704.4	9,298.9
Gross profit	3,262.5	3,062.3	2,615.6	2,345.6
As a % of sales	*23.8%*	*23.8%*	*24.4%*	*25.2%*
EBITA [(1)]	638.4	630.0	648.4	573.6
Adjusted EBITA [(1)]	712.6	699.4	657.9	517.0
As a % of sales	*5.2%*	*5.4%*	*6.1%*	*5.6%*
Operating income	548.0	553.4	570.5	523.7
Net income	220.1	231.5	143.5	188.9
Net income attributable to the Rexel Group	218.8	230.2	143.0	188.9

(1) EBITA is defined as operating income before other income and other expenses. Adjusted EBITA (**"Adjusted EBITA"**) is defined as EBITA excluding the estimated non-recurring net impact from changes in copper-based cable prices (see paragraphs 4.1.3 and 6.1.3 of this *Document de Référence*) and from the amortization of intangible assets recognized upon allocation of the acquisition price of Hagemeyer. EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITA and Adjusted EBITA differently than Rexel.

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

(in millions of euros)	Pro forma 2008	Reported 2008	Reported 2007	Reported 2006
Operating income	548.0	553.4	570.5	523.7
(–) Other income [1]	124.6	124.4	6.9	9.0
(–) Other expenses [1]	(215.0)	(201.0)	(84.8)	(58.9)
= EBITA	**638.4**	**630.0**	**648.4**	**573.6**
Non-recurring effect resulting from changes in copper-based cable prices [2]	62.7	60.9	9.5	(56.6)
Amortization of intangible assets resulting from the contemplated allocation of the acquisition price for Hagemeyer	11.5	8.5	N/A	N/A
= Adjusted EBITA	**712.6**	**699.4**	**657.9**	**517.0**
Adjusted EBITA margin	5.2%	5.4%	6.1%	5.6%

(1) See note 7 to Rexel's consolidated financial statements for the year ended December 31, 2008 , set forth in paragraph 14.1.1 of this *Document de Référence*.
(2) See paragraphs 4.1.3 and 6.1.3 of this *Document de Référence*.

Rexel's consolidated cash flow statement highlights

(in millions of euros)	Reported 2008	Reported 2007	Reported 2006
Operating cash flow [1]	664.1	704.0	631.1
Changes in working capital requirements	133.7	(13.0)	(97.9)
Cash generated from operating activities before net interest and income taxes	797.8	691.0	533.2
Net capital expenditure	(8.7)	(20.6)	(45.4)
Free cash flow before net interest and income taxes [2]	789.1	670.4	487.8

(1) Before interest, taxes and changes in working capital requirements.
(2) Free cash flow before net interest and income taxes is defined as the change in net cash flow from operating activities before net financial interest expense and income taxes paid, less net capital expenditure.

Rexel's consolidated balance sheet highlights

The restatements carried out in the scope of the preparation of the pro forma financial information, as set out in paragraph 14.2 of this *Document de Référence*, do not have any impact on the balance sheet of Rexel as at December 31, 2008.

(in millions of euros)	Reported December 31, 2008	Reported December 31, 2007	Reported December 31, 2006
Non-current assets	5,199.3	3,770.6	3,694.5
Working capital requirements	1,602.9	1,403.2	1,560.3
Shareholders' equity	3,248.7	3,227.3	988.6
Net indebtedness	2,932.0	1,606.6	3,901.0
– Shareholders' loans	*–*	*–*	*1,039.9*
– Net debt (excluding shareholders' loans)	*2,932.0*	*1,606.6*	*2,861.1*
Other non-current liabilities	621.5	339.9	365.2

A description of the Rexel Group's indebtedness is provided in paragraph 7.2 of this *Document de Référence*.

2. Information about the Rexel Group

2.1 HISTORY AND DEVELOPMENT OF THE REXEL GROUP

2.1.1 Company name

Rexel's company name is "Rexel".

2.1.2 Place of registration and registration number

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

2.1.3 Date and term of incorporation

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

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

2.1.4 Registered office, legal form and applicable law

Rexel registered office is at 189-193, boulevard Malesherbes, 75017 Paris, France (tel: +33 (0)1 42 85 85 00).

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

2.1.5 Rexel Group history

2.1.5.1 History

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

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

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

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

Organic growth has been coupled with a selective acquisitions strategy. The Rexel Group has acquired companies with a regional, national or international presence, allowing it to strengthen its position in targeted regions, as well as companies established in emerging markets offering strong growth potential. In particular, in 2006, the Rexel Group acquired Gexpro, the 2005 pro forma sales of which amounted to US $2.2 billion.

In addition, in 2008, Rexel has acquired certain activities and entities of Hagemeyer as described in paragraph 2.2 of this *Document de Référence.*

2.1.5.2 Listing history

Rexel Distribution was first listed on the Second Marché of Euronext Paris on December 8, 1983 and was admitted to trading on the Premier Marché of Euronext Paris in 1990. In 1990, PPR became Rexel Distribution's majority shareholder following the acquisition of Compagnie Française de l'Afrique Occidentale (CFAO), of which CDME, renamed Rexel and then Rexel Distribution, was a subsidiary. Rexel Distribution shares were delisted from the Euronext Paris market on April 25, 2005.

Rexel's shares were admitted for trading on the Euronext Paris market on April 4, 2007. As part of this transaction, Rexel carried out a share capital increase by way of a public offering in the approximate amount of €1 billion through the issuance of 60,606,060 new shares, as well as a share capital increase reserved for the benefit of Rexel Group employees in the amount of €33 million through the issuance of 2,445,188 new shares.

2.2 THE ACQUISITION OF HAGEMEYER

2.2.1 Description of the Hagemeyer Transaction

The Offer

On December 21, 2007, Rexel, through its indirect subsidiary Kelium, initiated a tender offer, which is the subject of a prospectus filed on December 21, 2007 with The Netherlands financial markets authority (AFM), for (i) all of the outstanding shares of Hagemeyer, with a par value of €1.20 each, at a price of €4.85 per share (with coupon) and (ii) all of the subordinated convertible bonds issued and outstanding bearing interest at a fixed rate of 3.50% and maturing in 2012 (the **"Offer"**).

Following the completion of the Offer, Kelium was holding 98.67% of the ordinary shares and 100% of the convertible bonds issued by Hagemeyer. In agreement with Euronext Amsterdam N.V., the last day of trading of the shares and of the bonds was April 18, 2008. The delisting therefore took place on April 21, 2008. At December 31, 2008, Kelium held 99.13% of the ordinary shares of Hagemeyer. Kelium initiated a compulsory squeeze-out procedure in accordance with Dutch regulations. During the month of February 2009, the Amsterdam Chamber of Commerce issued a decision authorizing Kelium to carry out a compulsory squeeze-out at a price of €4.85 per ordinary share of Hagemeyer. The transfer of shares not yet acquired by Kelium is expected to take place during the month of April 2009.

The total cost of the acquisition of Hagemeyer is as follows:

Operation	Amount (in millions of euros)
Shares purchased on the market (outside of offer period) : 10,774,660 x €4.73	50.9
Shares contributed to the offer at March 4, 2008 : 554,336,810 x €4.85	2,688.5
Shares contributed to the offer during the reopening period at March 25, 2008: 17,597,996 x €4.85	85.4
Shares contributed after March 25, 2008: 2,336,356 x 4.85 euros	11.3
Total cost of Hagemeyer shares	**2,836.1**
Convertible bonds contributed to the offer at March 4, 2008: 130,121 x €2,020.83	263.0
Convertible bonds contributed to the offer during the reopening period at March 25, 2008: 3,844 x €1,985.83	7.6
Coupon paid with respect to the convertible bonds	(4.5)
Total cost of bonds	**266.1**
Acquisition costs	50.9
Total acquisition amount	**3,153.1**

The Assets Sales and the Assets Swaps

On October 23, 2007, Rexel entered into an agreement with Sonepar relating to the transfer to Sonepar of Hagemeyer's businesses (other than those of its ACE division and its minority shareholding in Digital Products International, Inc. in the United States) located in the United States, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China and Southeast Asia (Malaysia, Thailand and Singapore), as well as six branches located in Germany (the **"Assets Sales"**). Pursuant to a separate agreement between Rexel and Sonepar, Rexel transferred to Sonepar its assets and businesses located in Germany, and Sonepar transferred to Rexel its assets and businesses located in Sweden (the **"Assets Swaps"** and, together with the Offer and the Assets Sales, the **"Hagemeyer Transaction"**). The other Hagemeyer's businesses, in particular the PPS (Professional Products & Services) business in Belgium, Czech Republic, Estonia, Finland, Germany (with the exception of six branches), Latvia, Lithuania, The Netherlands, Norway, Poland, Russia, Spain and the United Kingdom as well as the ACE business and the minority shareholding in Digital Products International, Inc. in the United States have been retained by the Rexel Group (the **"Retained Entities"**).

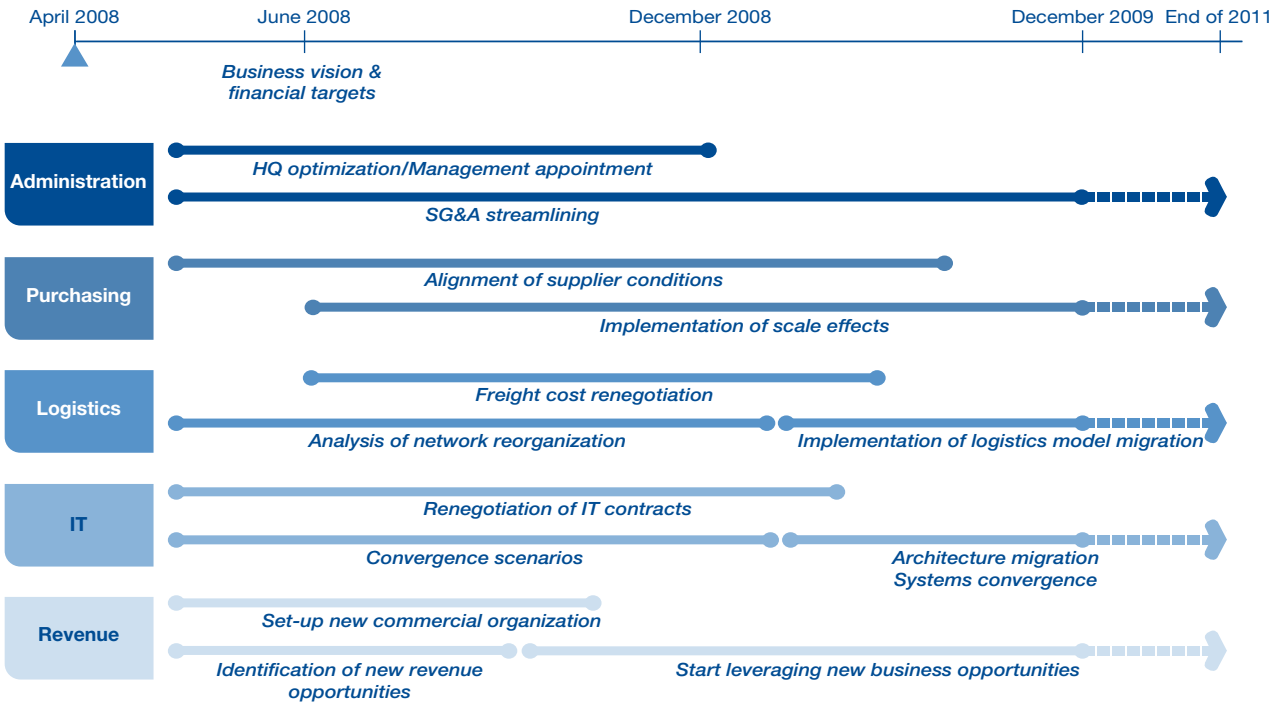
All of the Assets Sales and the Assets Swaps were completed as at June 30, 2008. The Assets Sales and the Assets Swaps, as well as the transfer to Sonepar of the relevant debt, resulted in a €1,686 million decrease in Rexel's net financial debt.

2.2.2 The integration of the Retained Entities

The operational integration of the Retained Entities

All of the Retained Entities have been integrated into the Rexel network and the Group's financial reporting since June 30, 2008.

The performance and follow-up of the synergies are subject to a process organized at country level and managed by a central steering committee and a governance organizing quarterly meetings of the Management Board and the concerned members of the Executive Committee. The integration process is subject to a regular specific reporting. The main stages of these synergy extraction processes are as follows:



The Rexel Group business in each country is managed by a unique team resulting from the merger of the historical teams of Rexel and Hagemeyer.

As of the registration date of this *Document de Référence,* the following integration actions have in particular been completed:

- The full integration of the Retained Entities in respect to financial reporting;
- The closure of the historical head offices of the Hagemeyer group located in Naarden (The Netherlands);
- The negotiations with the key suppliers in order to align the purchase conditions;
- The extension of the main Rexel Group's contracts to all of the Retained Entities;
- In Spain, the decrease in the number of commercial regions and the preparation of a pooling of the IT systems;
- In the United Kingdom, the decrease in the number of commercial regions and the implementation of the first transport synergies; and
- In The Netherlands, the implementation of transportation synergies.

The synergies expected from the integration of the Retained Entities

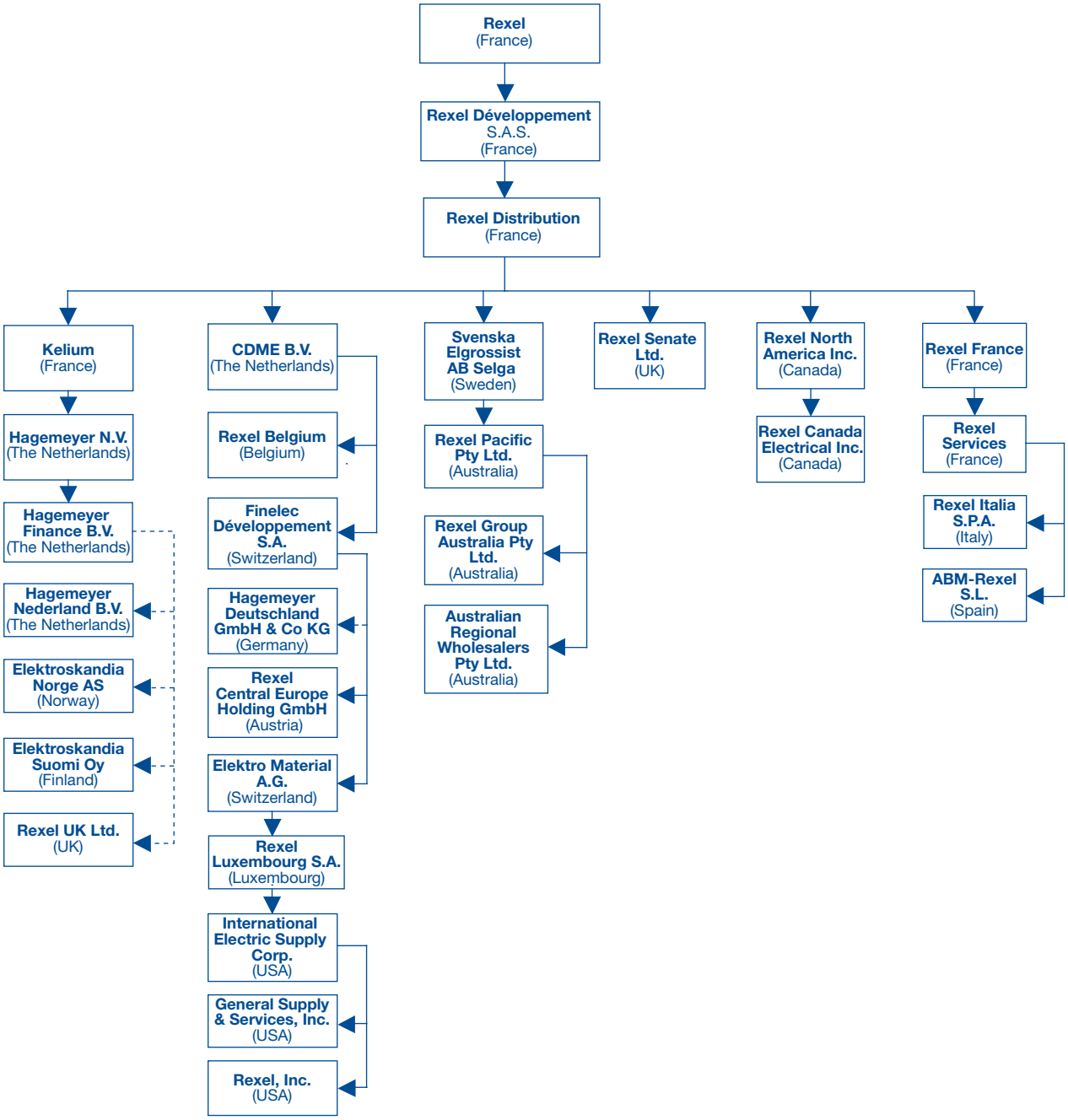
Rexel expects a ramp-up in synergies and believes that these synergies may amount, before tax, to approximately €50 million per year between the date hereof and 2011, *i.e.,* approximately 1.5% of 2007 sales of the Retained Entities. These synergies would concern the administrative services (approximately 45%), purchases (approximately 35%), logistics (approximately 13%), information systems (approximately 5%) and the impact on sales of the sharing of specific commercial know-how (approximately 2%). Rexel also believes that the non-recurring expenses deriving from the integration of the Retained Entities will account for approximately €70 million between 2008 and 2011, of which approximately €45 to 50 million in 2008 and 2009.

Over the year 2008, Rexel believes that the achieved synergies amounted to approximately €11 million, of which half concerned purchases and half concerned administrative services.

2.3 ORGANIZATION OF THE REXEL GROUP

2.3.1 Organizational chart of the Rexel Group

The organizational chart below is a simplified organizational chart of the main subsidiaries that are directly or indirectly owned by Rexel as at December 31, 2008. The list of all of the companies consolidated by Rexel as at December 31, 2008 is detailed in note 26 to Rexel's consolidated financial statements for the year ended December 31, 2008.



* The dotted lines designate the indirect subsidiaries. With the exception of Hagemeyer and its subsidiaries, which are 99.13% held, and of Rexel Belgium, which is 99.99% held CDME B.V., all the companies mentioned in the simplified organizational chart hereabove are 100% held by the Rexel Group.

2.3.2 Main subsidiaries

The Rexel Group comprises Rexel and its subsidiaries.

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of January 1, 2005. Rexel has entered into loan agreements with Rexel Development and Rexel Distribution within the terms set out in Chapter 13 of this *Document de Référence.* In addition, Rexel Distribution has entered into cash management agreements and/or loan agreements with certain of its subsidiaries. Lastly, Rexel Développement, which employs the staff dedicated to the management of the Rexel Group, has entered into service agreements with certain of its subsidiaries.

The consolidated subsidiaries, listed by region, are set out in the notes to the consolidated financial statements of Rexel for the financial period ended December 31, 2008, in paragraph 14.1.1 of this *Document de Référence.* Rexel's main direct or indirect subsidiaries are described below. With the exception of the securities of the Rexel Group's companies and certain intellectual property rights, such subsidiaries do not hold any strategic economic assets.

Rexel Développement S.A.S. is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €1,010,289,230. Its registered office is at 189-193, boulevard Malesherbes, 75017 Paris. The company is registered under number 480 172 840 R.C.S. Paris. Rexel holds 100% of its share capital and acts as chairman of Rexel Développement S.A.S. Rexel Développement S.A.S. provides services (management, strategic planning, finance, human resources and legal) to the Group companies.

Rexel Distribution is a public limited company *(société anonyme)* governed by the laws of France with a share capital of €83,714,901. Its registered office is at 189-193, boulevard Malesherbes, 75017 Paris. The company is registered under number 672 010 758 R.C.S. Paris. Rexel Distribution is held at 99.74% by Rexel Développement S.A.S. and at 0.19% by Rexel. Rexel Distribution holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

Kelium is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €1,840,210,000. Its registered office is at 189-193 boulevard Malesherbes, 75017 Paris. The company is registered under number 479 994 394 R.C.S. Paris. Kelium is fully held by Rexel Distribution. Kelium's primary purpose is to hold and manage ownership interests in other companies.

Europe

Hagemeyer N.V. is a company governed by the laws of The Netherlands with a share capital of €810,000,000, paid in the amount of €708,248,745. Its registered office is at Polarisavenue 19, 2132 JH Hoofddorp, The Netherlands. It is registered with the registry of commerce and industries under number 32028710. As at December 31, 2008, Kelium was holding 99.13% of Hagemeyer N.V. Hagemeyer N.V.'s primary purpose is to hold and manage ownership interests in other companies.

Hagemeyer Finance B.V. is a company governed by the laws of The Netherlands with a share capital of €100,000, paid in the amount of €20,200. Its registered office is at Polarisavenue 19, 2132 JH Hoofddorp, The Netherlands. It is registered with the registry of commerce and industries under number 32084761. Its main activity is the acquisition and management of equity investments in other companies. Hagemeyer Finance B.V. is fully held by Hagemeyer N.V.

Compagnie de Distribution de Matériel Electrique B.V. is a company governed by the laws of The Netherlands with a share capital of €350,000. Its registered office is at Officia 1, De Boelelaan 7, 1083 HJ Amsterdam, The Netherlands. It is registered with the registry of commerce and industries under number 33210163. Its main activity is the acquisition and management of equity investments in other companies. Compagnie de Distribution de Matériel Electrique B.V. is wholly owned by Rexel Distribution.

Hagemeyer Nederland B.V. is a company governed by the laws of The Netherlands with a share capital of €90,800, paid in the amount of €22,700. Its registered office is at Schinkelsebaan 1, 2908 LE Capelle a/d Ijssel, The Netherlands. It is registered with the registry of commerce and industries under number 24267850. Its main activity is the provision and distribution of electrical products. It is indirectly fully held by Hagemeyer Finance B.V.

Rexel Central Europe Holding GmbH is a limited liability company *(Gesellschaft mit beschränkter Haftung)* under Austrian law with a share capital of €5,000,000. Its registered office is at Murbangasse 1, 1100 Vienna, Austria. It is registered with the registry of commerce and companies under number FN 268137. Its main activity is to hold and manage equity investments in other companies and to provide services. It is wholly owned by Finelec Développement S.A.

Hagemeyer Deutschland GmbH & Co KG is a company governed by the laws of Germany *(Kommanditeinlage)* with a share capital of €13,000,000,000. Its registered office is at Landsberger Str. 312, 80687, Munich, Germany. It is registered with the registry of commerce and companies under number HRA 48737. Its main activity is the supply and distribution of electrical products as well as the acquisition and management of equity investments in other companies. It is indirectly wholly owned by Finelec Développement S.A.

Rexel Luxembourg S.A. is a company governed by the laws of the Luxembourg with a share capital of €107,335,000. Its registered office is at 9, rue de la déportation – 1415 Luxembourg, Grand Duchy of Luxembourg. Rexel Luxembourg S.A.'s main activity is the distribution of

mechanical and electrical products. Its purpose is also to acquire equity investments and take out borrowings of all kinds. Rexel Luxembourg S.A. is wholly owned by Elektro-Material A.G.

Rexel Belgium is a company governed by the laws of Belgium, with a share capital of €30,000,000, having its registered office at 11-15 rue de la technologie, 1082 Berchem Saint Agathe, Belgium. It is registered with the registry of commerce and companies under number 0437.237.396. Its main activity is the supply and distribution of electrical products. Rexel Belgium is held at 99.99% by Compagnie de Distribution de Matériel Electrique B.V.

Svenska Elgrossist AB Selga is a company governed by the laws of Sweden with a share capital of SKR 46,500,000. Its registered office is at Box 103 125 23 Älvsjö, Stockholm, Sweden. Its main activity is the distribution of electrical products as well as holding equity investments in companies in the electrical products distribution business. It is wholly owned by Rexel Distribution.

Elektroskandia Norge AS is a company governed by the laws of Norway with a share capital of NOK 82,150,000. Its registered office is at Alfasetv 11, Oslo, Norway. Its main activity is the supply and distribution of electrical products. Elektroskandia AS is indirectly fully held by Hagemeyer Finance B.V.

Elektroskandia Suomi Oy is a company governed by the laws of Finland with a share capital of €8,409,396. Its registered office is at Varastokatu 9, 05800 Hyvinkää, Finland. It is registered under number 0980994-9. Its main activity is the supply and distribution of electrical products. Elektroskandia Oy is fully held by the Finnish branch of Hagemeyer Finance B.V.

Finelec Développement S.A. is a joint stock company *(Aktiengesellschaft)* under Swiss law with a share capital of CHF 106,147,200. Its registered office is at Sortie autoroute Sion-Ouest, 1951 Sion, Switzerland. Its main activity is the acquisition, holding and management of equity investments. Finelec Développement S.A. is 99.99% owned by Compagnie de Distribution de Matériel Electrique B.V.

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* under Swiss law with a share capital of CHF 135,000,000. Its registered office is in Zurich, Switzerland. Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services. It is wholly owned by Finelec Développement S.A.

Rexel France is a simplified joint stock company *(société par actions simplifiée)* under French law with a share capital of €41,940,672. Its registered office is at 189-193 boulevard Malesherbes, 75017 Paris. The company is registered with the registry of commerce and companies under number 309 304 616 R.C.S. Paris. Its purpose is to distribute all electrical and electronic products, household appliances, IT equipment and derivative products, and more generally the supply of all materials and products for the construction and manufacturing industries, local authorities and individuals. In addition, its purpose is also to hold and manage shareholdings in other companies. Rexel France is wholly owned by Rexel Distribution.

Rexel Services is a simplified joint stock company *(société par actions simplifiée)* under French law with a share capital of €40,950,800. Its registered office is at 189-193 boulevard Malesherbes, 75017 Paris. The company is registered with the registry of commerce and companies under number 428 818 629 R.C.S. Paris. Its main purpose is the holding and management of equity investments in other companies. Rexel Services is wholly owned by Rexel France.

Rexel Italia S.P.A. is a company governed by the laws of Italy with a share capital of €12,000,000. Its registered office is at Agrate Brianza (MI), via Archimede 15/17, Italy. It is registered with the registry of commerce and companies under number 09249110157. Its main activity is the supply and distribution of electrical products. Rexel Italia S.P.A. is wholly owned by Rexel Services.

ABM-Rexel S.L. is a company governed by the laws of Spain, with a share capital of €6,730,434.85. Its registered office is at Avenida de la Recomba, 7 y 9, Leganés (Madrid), Spain. It is registered with the registry of commerce and companies under number A-2826822. Its main activity is the supply and distribution of electrical products. ABM-Rexel S.L. is wholly owned by Rexel Services.

Rexel Senate Ltd. is a limited company under English law with a share capital of 58,005,002 pounds sterling. Its registered office is at 6-16 Southgate Road, Potters Bar, Hertfordshire EN6 5DS, 2588733 England. Its main activity is the supply and distribution of electrical products. It is wholly owned by Rexel Distribution.

Rexel UK Ltd. is a limited company under English law. Its registered office is at Yardley Court 11/12 Frederick Rd, Edgbaston, Birmingham, West Midlands B15 1JD, United Kingdom. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. Rexel UK Ltd. is indirectly wholly owned by Hagemeyer Finance B.V.

North America

International Electric Supply Corp. is a corporation governed by the laws of the Delaware with a share capital of US $100.1 registered under number 4170267. Its registered office is at 6606 LBJ Freeway, Suite 200, Dallas, Texas 75240-USA. Its main activity is the acquisition and management of equity investments in other companies and the provision of services. International Electric Supply Corp. is wholly owned by Rexel Luxembourg S.A.

Rexel, Inc. is a corporation governed by the laws of New York with a share capital of US $15,911,481. Its registered office is at 6606 LBJ Freeway, Suite 200, Dallas, Texas 75240-USA. Its main activity is the distribution of electrical products. Rexel, Inc. is wholly owned by International Electric Supply Corp.

General Supply & Services, Inc. is a corporation governed by the laws of the Connecticut with a share capital of US $10, registered under number 4172713. Its registered office is at Two Corporate Drive, 10th Floor, Shelton, CT 06484 United States. Its main activity is the distribution of electrical equipment, the provision of services and ownership of equity investments in companies in the electrical product distribution business. General Supply & Services Inc. is wholly owned by International Electric Supply Corp.

Rexel North America, Inc. is a Canadian corporation with a share capital of CAD 18,904,500, registered under number 381380 1. Its registered office is at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7 Canada. Its main purpose is the acquisition and management of equity investments in other companies and the provision of services. It is wholly owned by Rexel Distribution.

Rexel Canada Electrical Inc. is a Canadian corporation with a share capital of CAD 66,744, registered under number 428874 2. Its registered office is at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7, Canada. Its main activity is the distribution of electrical equipment. It is wholly owned by Rexel North America Inc.

Asia-Pacific

Rexel Pacific Pty Ltd. is a proprietary limited share company under Australian law with a share capital of AUD 169,598,471. Its registered office is at Level 18, Gold Fields House – 1 Alfred Street, Sydney NSW 2000, Australia. It is registered with number ACN 081 022 068. Its main activity is the holding and management of interests in operational entities operating in the distribution of electrical products and the provision of services. Rexel Pacific Pty Ltd. is wholly owned by Svenska Elgrossist AB Selga.

Australian Regional Wholesalers Pty Ltd. is a proprietary company limited by shares under Australian law with a share capital of AUD 13,779,769. Its registered office is at 2 Giffnock Avenue, Macquarie Park, NSW 2113, Australia. Its registered number is ACN 011 009 064. Its main activity is the distribution of electrical products. Australian Regional Wholesalers Pty Ltd. is wholly owned by Rexel Pacific Pty Ltd.

Rexel Group Australia Pty Ltd. is a proprietary company limited by shares under Australian law with a share capital of AUD 39,000,000. Its registered office is at 2 Giffnock Avenue, Macquarie Park, NSW 2113, Australia. Its registered number is ACN 000 437 758. Its main activity is the distribution of electrical products. Rexel Group Australia Pty Ltd. is wholly owned by Rexel Pacific Pty Ltd.

Contributions from subsidiaries or significant sub-groups as at December 31, 2008 are as follows.

Consolidation Value (excluding dividends) (in millions of euros)	Fixed Assets (including goodwill)	Gross Debt (non-Rexel Group)	Cash and Cash Equivalents	Cash from operations	Dividends paid and due to Rexel
Rexel (FR)	–	–	3.7	168.8	–
Rexel Distribution (FR)	0.7	239.3	549.8	(17.0)	–
Kelium (FR)	–	1,154.3	–	(162.2)	–
Rexel France (FR)	1,196.6	641.0	12.3	150.3	–
Hagemeyer Finance B.V. (NL)	–	6.6	–	75.1	–
Rexel, Inc. (USA)	463.0	160.8	6.6	64.8	–
General Supply & Services, Inc. (USA)	212.7	165.9	20.3	73.1	–
Rexel North America, Inc. (CA)	446.7	260.1	(0.2)	32.9	–
Rexel UK Ltd. (UK)	260.3	160.6	10.2	12.0	–
Hagemeyer Deutschland GmbH & Co KG (DE)	255.8	163.8	11.5	4.8	–
Other	2,071.0	786.6	192.7	98.7	34.7
Total consolidated	**4,906.9**	**3,739.0**	**807.0**	**501.3**	**34.7**

The Rexel Group analyzes its sales based on geographic areas, to which the legal entities referred to above belong based on their localization. Therefore, an analysis of sales with a breakdown by legal entity would not be relevant. Breakdown of sales by geographic area is detailed in Chapter 6 of this *Document de Référence.*

2.4 RECENT ACQUISITIONS AND DIVESTITURES

The acquisitions and divestitures carried out by the Rexel Group during the financial year ended December 31, 2006, are described in the prospectus having received visa number 07-093 dated March 20, 2007 from the *Autorité des marchés financiers.* The acquisitions and divestitures carried out by the Rexel Group during the financial year ended December 31, 2007, are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 30, 2008 under number R.08-046.

In addition to the acquisition of Hagemeyer, the divestures and acquisitions carried out during the financial year ended December 31, 2008 are described below.

2.4.1 Europe

B.V. Electrotechnische Groothandel J.K. Busbroek (The Netherlands)

On July 18, 2008, Rexel Nederland B.V. acquired the activities of B.V. Electrotechnische Groothandel J.K. Busbroek, which specializes in the distribution of electrical equipment. The acquisition price, prior to adjustment, is estimated to €4.2 million. A price adjustment of a maximum amount of €2 million may be paid during the second half of 2009 subject to the achievement of performance targets.

Espace Elec (France)

On July 9, 2008, Rexel France acquired Espace Elec, which specializes in the distribution of electrical equipment, and operates seven branches in Corsica.

The acquisition price amounts to €7.1 million (including acquisition costs). There is no price adjustment clause.

NFM Group (France)

On July 30, 2008, Rexel Distribution acquired NFM. NFM holds 100% of the share capital of Francofa, Francofa Sud-Est, Francofa Nord, Francofa Atlantique and DL Systèmes, which specialize in the distribution of security equipments. The NFM Group operates six branches in France.

The acquisition price amounts, after adjustment, to €4.6 million (including acquisition costs). A price adjustment of a maximum amount of €0.7 million may be paid in 2009 subject to the achievement of performance targets.

Eastern Electrical (Ireland)

On July 31, 2008, the Rexel Group sold Eastern Electrical Limited which operated the Hagemeyer electrical equipment distribution businesses in Ireland to EWL Electric Limited for an amount (including selling costs) of €3.1 million before price adjustment.

2.4.2 North America

Beacon Electric Supply, Inc. (United States)

On January 31, 2008, General Supply & Services, Inc. acquired Beacon Electrical Supply, Inc., a distributor of electrical equipment located in San Diego. The acquisition price, after adjustment, amounts to US $21.2 million including the acquisition costs (*i.e.,* approximately €14.4 million) and a price adjustment of a maximum amount of US $1.1 million (*i.e.,* approximately €0.7 million) to be paid during the first half of 2009 subject to the achievement of certain performance conditions.

2.4.3 Asia-Pacific

ABK Electrical Wholesale Pty. Ltd. (Australia)

On January 31, 2008, Rexel Group Australia Pty. Ltd. acquired the business of ABK Electrical Wholesale Pty. Ltd., a distributor of electrical equipment. The acquisition price, after adjustment, amounts to AUD 1.9 million, including acquisition costs (*i.e.,* approximately €1.1 million). In addition, the agreement provides that a price adjustment in a maximum amount of AUD 2.8 million (*i.e.,* €1.7 million) may be payable in 2008 and 2009. The first price adjustment in an amount of AUD 1.4 million (*i.e.,* €0.8 million) has been paid in August 2008.

Suzhou Xidian Co. Ltd. (China)

Rexel Distribution entered into an agreement in January 2008, amended in October 2008, in relation to the acquisition of 63.5% of the share capital of Suzhou Xidian Co. Ltd, a corporation established in Suzhou and carrying out a business of distribution of Siemens automated devices and low voltage products, essentially in the Suzhou area.

The acquisition price, before adjustment, is estimated to RMB 42.3 million (*i.e.,* €4.4 million). The completion of this acquisition took place on February 5, 2009.

Rexel Distribution may increase its shareholding to 100% in 2012.

Egley Electrical Co. Ltd. et Egley Electrical Petone Ltd. (New Zealand)

On July 31, 2008, Redeal Limited acquired the business of Egley Electrical Co. Ltd. and Egley Electrical Petone Ltd. which specialize in the distribution of electrical equipment. The acquisition price, after adjustment, amounts to NZD 11.5 million (*i.e.,* approximately €6.3 million) including acquisition costs. A price adjustment of a maximum amount of NZD 5 million (*i.e.,* approximately €2.6 million) may be paid in 2009, 2010, and 2011, subject to the achievement of performance targets for the acquired business.

Bally Hong Kong Ltd. (Hong Kong)

On July 31, 2008, Cosa Liebermann B.V. transferred to Bally International Limited its 25% interest held in the share capital of Bally Hong-Kong Ltd., a company operating within the ACE division and specialized in the distribution of Bally products in Asia. The firm and definitive acquisition price amounts to CHF 11.9 million (*i.e.,* approximately €7.4 million).

2.5 INVESTMENTS

2.5.1 Completed investments

The table below provides details by line item at the Rexel Group level of capital expenditures, acquisitions and disposals for each of the years ended December 31, 2008, 2007 and 2006.

(in millions of euros)	2008	2007	2006	2006-2008 Total
Capital expenditure				
IT systems	28.7	29.3	29.3	87.3
Branch renovations and openings	36.3	26.6	18.5	81.4
Logistics	20.6	24.9	10.8	56.3
Others	3.0	1.7	4.2	8.9
Total gross capital expenditure	**88.6**	**82.5**	**62.8**	**233.9**
Change in suppliers payable	8.2	(9.8)	–	(1.6)
Disposals of fixed assets	(88.1)	(52.1)	(17.4)	(157.6)
Total net capital expenditure	**8.7**	**20.6**	**45.4**	**74.7**
Acquisitions and disposals of subsidiaries				
Acquisitions	3,226.2	116.8	840.3	4,183.3
Disposals	(905.2)	(4.9)	(0.3)	(910.4)
Total acquisitions and disposals of subsidiaries	**2,321.0**	**111.9**	**840.0**	**3,272.9**

Gross capital expenditure in 2008, 2007 and 2006 represented 0.7%, 0.8% and 0.7% of Rexel's consolidated sales, respectively.

Capital expenditures carried out in 2008 included:

- investments in the Rexel Group's IT systems for approximately €29 million. The Rexel Group continues the implementation of its IT systems rationalization, consolidation and security program. Following the completion of the Hagemeyer Transaction, the Rexel Group has initiated infrastructure consolidation operations and applications integration operations in countries relevant to the Hagemeyer Transaction;
- branch renovation and openings for an approximate amount of €36 million;
- Group Rexel logistic organization for approximately €21 million. These investments consisted essentially in modifications of the Rexel Group's distribution network (regional logistical centers, hub-and-spoke branches and stand-alone branches);
- acquisition of companies for approximately €3,226 million, mainly Hagemeyer. The main acquisitions are described in paragraphs 2.2 and 2.4 of this *Document de Référence.*

Investments in IT systems, branch renovations and openings and rationalization of the Rexel Group's logistical organization were financed by the Rexel Group in cash. Acquisitions of shareholdings or assets (business assets or branches of activity) have been financed by the Rexel Group in cash or borrowings under the credit agreements entered into by the Rexel Group companies, including the Senior Credit Agreement.

2.5.2 Main investments in progress

In the United States, the rationalization of the IT systems continues, in particular at the support level, with the set-up of a shared financial platform. In Sweden, an integrated information system is being implemented in the historical Rexel activity. It will, ultimately, allow for the integration of the businesses acquired in the scope of the Assets Swaps with Sonepar. All of these investments should amount to approximately €10 to €15 million and will be financed with the Rexel Group's shareholders' equity.

Further to the Offer, Kelium initiated a compulsory squeeze-out procedure with respect to the outstanding ordinary shares of Hagemeyer, representing, as at December 31, 2008, approximately 0.87% of the share capital of Hagemeyer. This investment would amount

to approximately €25 million and will be financed by the Senior Credit Agreement.

Lastly, the Rexel Group has committed, in connection with certain acquisitions, to pay price adjustments subject to the achievement of performance targets for the acquired business. These price adjustments are detailed in the paragraph 2.4 of this *Document de Référence.* These price adjustments will be financed with the Rexel Group's shareholders' equity.

2.5.3 Main planned investments

At the registration date of this *Document de Référence,* there was no firm commitment to third parties concerning material financial investments.

The Rexel Group may increase its shareholding in Huazhang Electrical Automation Holding Co. Ltd. (Hong Kong) to 70% in 2009. In addition, the Rexel Group may increase its shareholding in Suzhou Xidian Co. Ltd. (China) to 100% in 2012.

In addition, the Rexel Group will make capital expenditures with respect to the integration of the Retained Entities (see paragraph 2.2 of this *Document de Référence).*

The Group's operating investments, which are mainly linked to its IT systems, logistical resources and branch network, generally account for between 0.7% and 0.9% of its sales, on a yearly basis. Taking into account the global economic environment, the Group contemplates a selective investment policy for 2009, for a total amount accounting for less than 0.7% of its sales.

3. Business description

The Rexel Group believes that it is one of the leading low- and ultra-low voltage electrical products distributors worldwide based on its 2008 sales and number of branches. At December 31, 2008, the Rexel Group is established in 37 countries across three areas: Europe, North America and Asia-Pacific. Based on 2008 financial information, the Rexel Group believes that it is the leading distributor in North America and in the Asia-Pacific region, and the number two in Europe.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (58% of its 2008 sales), industrial companies (19% of its 2008 sales), commercial market companies (8% of its 2008 sales), as well as an "other customers" category, which includes municipalities, public entities, resellers and large do-it-yourself stores (15% of its 2008 sales). The Rexel Group's customers install the electrical products that it distributes in three end-markets: the industrial, commercial building and residential building markets. Its products are used in new installations and construction, as well as in the maintenance or renovation of existing installations and buildings.

The Rexel Group distributes a broad range of technical solutions and services aimed at responding to all of the needs of electrical contractors, as well as direct industrial and commercial customers. The Rexel Group's product offering is composed of seven product families indicated below with their respective percentage of 2008 sales: electrical installation equipment (41% of sales); cables and conduits (26% of sales); lighting (17% of sales); security and communication (5% of sales); climate control (4% of sales); tools (2% of sales); and white and brown products (5% of sales). The Rexel Group adds value to its offering by providing related services, including logistics, technical assistance and training services. In addition, the ACE division (3% of 2008 sales) distributes consumer electronics in The Netherlands and consumer electronics and residential equipments in Australia as well as luxury products in various Asian countries.

As at December 31, 2008, the Rexel Group's branch network consisted of 2,472 branches organized around various commercial banners and had 32,967 employees.

The pro forma consolidated sales of the Rexel Group for 2008 amounts to €13.735 billion, 58% of which were carried out in Europe, 32% in North America, 6% in Asia-Pacific and 4% for the other operations. The Rexel Group made a pro forma Adjusted EBITA in 2008, representing 5.2% of the 2008 consolidated sales.

The Rexel Group has initiated the integration of the Retained Entities and continued its external growth in 2008 through the acquisition of 6 entities, excluding the acquisition of Hagemeyer. These transactions have notably allowed the Rexel Group to strengthen its market positions in Europe and in the Asia-Pacific area.

3.1 PROFESSIONAL DISTRIBUTION OF LOW- AND ULTRA-LOW VOLTAGE PRODUCTS

3.1.1 A distributor of services and technical solutions

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

3.1.1.1 Broad product and technical solutions offering

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

- **electrical installation equipment** (41% of 2008 sales), which includes coupling and circuit protection equipment (such as switches, circuit breakers, meters and fuses); energy conversion and storage equipment (such as transformers, storage batteries, chargers and generators); control equipment (such as industrial automated devices and network control devices); and sensors, actuators and consumption devices (such as pumps, fans, ventilators and compressors). All of these equipments are key in the electric power consumption control and optimization;
- **cables and conduits** (26% of 2008 sales), which allow for the distribution of electricity and include raceways, mouldings and cable trays;
- **lighting** (17% of 2008 sales), which includes lighting sources, such as incandescent or halogen bulbs, low energy consumption light bulbs and fluorescent bulbs, and LED on the one hand, and lighting equipment, such as interior and exterior lighting systems, as well as decorative accessories;

– **security and communication** (5% of 2008 sales), which principally includes voice, data and image (VDI) transmission equipment, intruder and fire detection equipment, and monitoring and access control equipment;

– **climate control** (4% of 2008 sales), which includes ventilation, air conditioning, heating equipment, and renewable energy equipment;

– **tools** (2% of 2008 sales), which include hand tools, electrical tools and measuring instruments; and

– **white and brown products** (5% of 2008 sales), which includes household appliances and consumer electronics products.

The product families and percentages above solely relate to the professional distribution of low and ultra-low voltage electrical products. The professional distribution of low and ultra-low voltage electrical products does not include the activities of the Consumer Electronics and Luxury Products Distribution (ACE) division, which are described in paragraph 3.1.4 of this *Document de Référence.*

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

The Rexel Group offers a wide range of technical solutions, which allows it to adapt its offering to local consumption habits and applicable technical standards as well as technological innovations. As a result, the products portfolio may be increased, especially as part of the MRO (Maintenance, Repair and Operation) contracts. In addition, the renewal rate of listed products represents approximately 20% of the range of products distributed by the Rexel Group each year. The Rexel Group's product offering is generally marketed under their brands, whose national or, depending on the market, local reputation is a significant criterion in contractors' purchasing decisions. Changes in the Rexel Group's product offering are the result of a dynamic and continuous process that takes into account customers' expectations.

In limited market segments identified as well-suited to such products, the Rexel Group also distributes its own-brand products, on which it achieves above-average margins for equivalent product categories distributed under supplier's brands. The Rexel Group's principal own-brands are Newlec and Sector, for residential and commercial electrical equipment in the United Kingdom, Gigamedia for multimedia networks and BizLine for tools. Newlec is also used in other European countries, especially for climate control engineering, electrical control and lighting equipment.

In addition, the Conectis and Citadel entities allow to better structure the product offering in the multimedia and security sectors, due to the specific technical nature of the products and the potential for growth of business in these sectors. In particular, the Rexel Group is rolling out the Conectis offering, initially developed in France, in other European countries.

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

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

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

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

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

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

3.1.1.2 A service offering adapted to customers' needs

Technical solutions services

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

The Rexel Group's services include:

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

– **Training:** In most of its branches, the Rexel Group regularly schedules training sessions led by its employees, manufacturers and third parties in order to familiarize its customers with innovative or complex products. Since 2006, the Rexel Group has also offered continuous broadcasting of programs in its French branches presenting new products and training through its "Inexel TV."

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

Complementary logistics and distribution services

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

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

– inventory management and assembly services *(Production Services);*

– distribution services and spare parts *(Parts Super Center);* and

– the provision of products on customers' production assembly lines *(Supply Logistics).*

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

3.1.2 The Rexel Group's commercial and marketing organization

3.1.2.1 A multi-channel organization

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

3.1.2.2 Commercial organization

At the end of 2008, the Rexel Group's customer-facing employees represented 60% of its total employees, compared to 58% at the end of 2003.

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

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

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

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

– technical/commercial sales representatives, who provide technical support for travelling sales personnel and who are specialized by product family or customer type; and

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

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

3.1.2.3 Pricing and terms of sale

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

Furthermore, in certain geographic zones and in certain countries, such as the United States, France and Canada, the Rexel Group has entered into framework agreements with "key account" customers, including companies operating in the industrial or commercial markets. The Rexel Group defines "key accounts" as those customers that operate multiple sites on a national and international level and generate potential annual sales of €0.5 million or more per customer. Based on 2008 sales, "key accounts" generated approximately €2 billion in sales,

i.e., approximately 14% of the Rexel Group's consolidated sales. The framework agreements entered into with "key accounts" provide for specific sales conditions based on volumes purchased, product availability and delivery timeframes. These agreements are generally entered into in the context of bids and last for two to three years.

3.1.2.4 Marketing organization

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

Their role includes:

- the preparation of competition studies, which allows them to adapt their choice of suppliers and products accordingly;
- the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;
- the creation of product names and customer designations;
- the provision of assistance and advice to sales personnel;
- assistance in the drafting and design of catalogues;
- the implementation of customer loyalty programs; and
- the design and launch of advertising campaigns at the branch level in partnership with suppliers and in line with national or international product promotions.

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

New distribution methods

In order to better respond to the needs of local contractors, in France and Australia the Rexel Group has developed a distribution method consisting of off-the-rack sales that are assisted by product advisers.

Development of e-commerce

The Rexel Group believes that e-commerce represents a distribution channel that can be a source of significant growth in the future. Distribution by e-commerce covers two distinct areas:

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

Numerous countries already promote these distribution channels, including the United States, Canada, Central Europe countries, Scandinavia, and, since 2008, France and Portugal. A plan to develop e-commerce is scheduled in 2009 and 2010 with respect to the United Kingdom, Australia and Spain.

The Rexel Group's e-commerce 2008 pro forma sales amounted to €1,071 million, *i.e.,* 8% of its sales.

3.1.3 Logistic organization of the Rexel Group

3.1.3.1 Purchases and supply

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

- at a worldwide level, the Rexel Group maintains privileged relationships with approximately forty international suppliers which it considers its "strategic suppliers." These suppliers operate in different countries on one or more continents and have joined with the Rexel Group in international development programs;
- at each country's level, the Rexel Group's subsidiaries negotiate specific purchasing terms with national suppliers; and
- at a local level, the Rexel Group's branches may also negotiate specific commercial terms with individual suppliers.

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

In 2008, on a reported basis, the Rexel Group made approximately 53% of its purchases from its 25 leading suppliers, approximately 8% from the next leading 25 suppliers, approximately 7% from the next 50 and approximately 7% from the next 100, *i.e.,* approximately 75% from its 200 leading suppliers.

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

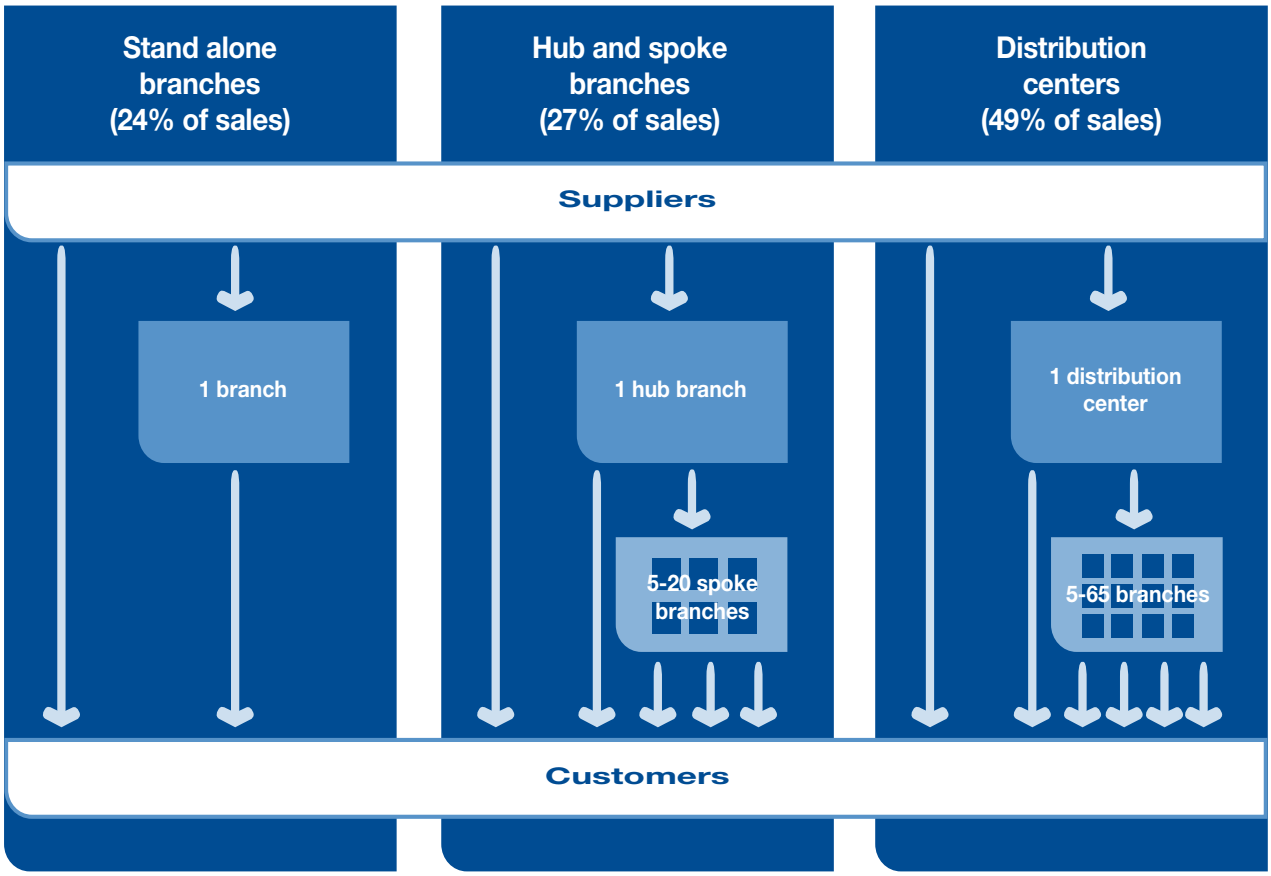
The Rexel Group's relationships with its suppliers are governed by short- and medium-term contracts. Product liability is the subject of paragraph 3.8.1 of this *Document de Référence.*

3.1.3.2 Distribution network

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

In 2008, the Rexel Group continued rationalizing its distribution network. In particular, it re-sized its regional distribution network in France and in Belgium. In North America, the Rexel Group created two new regional distribution centers and also resized its branches network.

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



	Stand-alone branches	Hub branches	Distribution centers
Number of references (in thousand of units)	2 to 10	5 to 15	15 to 40
Inventory turnover	Approximately 60 days	Approximately 55 days	Less than 50 days
Logistics costs as a percentage of sales [1]	6.5%	6.2%	5.4%

(1) Logistics costs include personnel, inventory and transportation expenses.

In each of these three models, the Rexel Group makes sales through two distribution types: inventory sales and direct sales which represented 82% and 18%, respectively, of the Rexel Group's sales in 2008. Direct sales are not significant except in North America, where they represented approximately 39% of the Rexel Group's 2008 sales.

Regional Distribution centers

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

The Rexel Group created regional distribution centers primarily in order to improve service to customers through a wider product offering and a range of tailored services, thus allowing a significant reduction in inventory and costs.

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

As at December 31, 2008, further to the Hagemeyer Transaction, the Rexel Group had 38 regional distribution centers in Europe. These centers were principally located in France, Germany, Portugal, The Netherlands, Belgium, Austria and Slovenia. The 11 regional distribution centers in France are on average 17,000 square meters in size and each supplies between 5 and 65 branches. The 27 regional distribution centers in the rest of Europe are on average 8,600 square meters in size and each supplies between 5 and 40 branches.

In North America, the Rexel Group has 9 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the Rexel Group has 2 regional distribution centers in New Zealand, supplying 73 branches. There is no regional distribution center in Australia due to the country's geography and to the resulting low-density network. The Rexel Group also has a national distribution center in Chile supplying 17 branches.

Hub and spoke distribution model

In areas with lower customer concentration (notably in North America), the Rexel Group has developed through the implementation of a hub and spoke distribution model. In this model, each hub branch supplies logistics support to satellite branches in addition to carrying out its own commercial activities. The Rexel Group has 80 hub branches worldwide (of which 36 were located in North America, 41 in Europe and 3 in Asia-Pacific) which serve generally between 5 and 20 satellite branches. In North America, the Rexel Group had as at December 31, 2008, 21 hub branches in the United States and 15 in Canada which supply 69 satellite branches in the United States and 199 in Canada.

Stand-alone branches

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

Extensive branch network

As at December 31, 2008, the Rexel Group had 2,472 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2006 and December 31, 2008 by geographic area:

(number of branches)	As at December 31,			
	2008		2007	2006
	Rexel Group	Of which Hagemeyer	Rexel Group	Rexel Group
Europe	**1,432**	**528**	**930**	**907**
– France	456	–	453	443
– Outside of France	976	528	477	464
North America	**649**	**–**	**696**	**703**
– United States	424	–	466	473
– Canada	225	–	230	230
Asia-Pacific	**308**	**–**	**325**	**301**
Other Operations	**83**	**60**	**17**	**17**
Total	**2,472**	**588**	**1,968**	**1,928**

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

3.1.3.3 Transportation

The transportation of the Rexel Group's products is organized with the aim of improving the quality of customer service while controlling upstream and downstream transportation costs.

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

3.1.4 The Consumer Electronics and Luxury Products Distribution (ACE) division

The ACE division, which represents approximately 3% of the sales, is made up of three major activities run by three separate and autonomous corporations:

- Haagtechno, which represents the Panasonic brand in The Netherlands and distributes, on an exclusive basis, products of this brand and other related consumer electronics in The Netherlands;
- Hagemeyer Brand (HBA), headquartered in Australia, which distributes electronics, residential equipments and other branded video products in Australia and New Zealand; and
- Hagemeyer Cosa Liebermann (HCL), headquartered in Hong Kong, which distributes, on an exclusive basis, luxury products such as watches, cosmetics and other fashion-related products in certain countries in Asia (Hong Kong, Taiwan, South Korea, Micronesia) through a network of 60 sales outlets as a wholesaler and duty-free agent.

3.1.5 Digital Products International

Digital Products International Inc. (**"DPI"**) is a company founded in 1971, which is based in Saint Louis, Missouri, USA. DPI distributes goods to consumer electronics distribution professionals (iPOD compatible products, DVD players, LCD televisions, home cinema systems, MP3 players, etc.) imported mainly from China. At the date of this *Document de Référence,* Rexel indirectly holds 15% of the share capital of DPI and has no major influence on this company.

3.2 THE REXEL GROUP'S MARKETS

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

3.2.1.1 Characteristics of the professional distribution market

Significant market size

Based on its estimates, the Rexel Group believes that the market for professional distribution of low- and ultra-low voltage electrical products amounted to approximately €164 billion worldwide in 2008.

In addition to the €164 billion of products sold by professional distributors, there are three other distribution channels for low- and ultra-low voltage electrical products:

- manufacturers who directly sell products to industrial and commercial customers. These sales are essentially made in connection with large infrastructure projects or large contracts (industrial construction sites, for example) where size and technical specifications justify a direct relationship between the manufacturer and the end-user;
- large do-it-yourself stores that distribute products directly to end-users. These stores are characterized by a limited offering of electrical products and generally target the residential market; and
- distributors of electrical equipment specialized in e-commerce.

A growing market

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

- demographic growth;
- economic development;
- increasing urbanization;
- increased demand for comfort, energy conservation and security; and

– growing access to electricity.

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

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

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

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

A more developed market in countries with mature economies

The characteristics of the professional distribution of low- and ultra-low voltage electrical products sector vary with regard to the maturity of the market. In emerging market countries, the market is centered on large infrastructure projects and is served by manufacturers which sell their products directly to the end user. Developed economy countries (such as France, the United States, the United Kingdom, or Sweden) present a more favorable environment to the professional distribution model, the preferred interface between manufacturers and end users, primarily because of the more diffused needs of industry and construction, a higher comfort level (linked to higher purchasing power) or a higher level of regulation.

The development of new markets

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

On the basis of a multi-criteria analysis of the different emerging markets (by considering, for example, market potential, ease of access to customers, strategic importance of local suppliers, standardization of equipment, importance of multi-brand distributors and the existing state of professional distribution), the Rexel Group believes that China will offer a major opportunity with a distribution market that still represents a relatively small portion of end-consumption.

Finally, the Rexel Group believes that the role of professional distributors is strengthened by the development of customers' expectations; customers are demanding a better quality of service with respect to the availability of products and the ease in obtaining them.

Renewal of product offering that strengthens price increases

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

A fragmented market

At the worldwide level, the market for the professional distribution of low- and ultra-low voltage electrical products is characterized by a large number of players. The Rexel Group believes that it holds a market share of 8% to 9% and a network of 2,412 branches, based on 2008 financial data, excluding the 60 branches of the ACE division.

The consolidation level of the market is extremely varied from country to country. More specifically, in the United States, a market in which the Rexel Group believes it is the leader, the market is particularly fragmented. In this country, the Rexel Group believes that the six leading distributors, which includes the Rexel Group, represented less than 30% of all sales made in 2008. This results, in particular, from the geographic breadth of the market and the historical presence of local market players. According to a study published by *Electrical Wholesaling* in June 2008 based on 2007 data, the 200 top distributors of electrical materials operating in the United States would represent approximately 60% of the American market and would achieve sales of over US $50 billion. By contrast, in certain countries such as France, The Netherlands, Australia, the United Kingdom or Canada, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of players who have consolidated and structured these markets.

The Rexel Group estimates that, in 2008, approximately 25% of worldwide sales in the market for the professional distribution of low- and ultra-low voltage electrical products were made by 6 major distributors: the Rexel and Sonepar groups, acting on the main world markets, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company and WESCO International, which principally operate in North America.

A large number of medium-sized businesses that operate on a national, regional or local level account for approximately 75% of worldwide sales on the market of the professional distribution of low- and ultra-low voltage electrical products. In certain countries, smaller electrical products distributors are seeking to increase their power by creating purchasing

associations. These purchasing associations include national distribution networks as well as independent distributors that manage one or more branches.

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

Various competitive positions

Competition in this market is connected to different strategic choices made by the Rexel Group and its main competitors.

These players have taken on different market positions based on, in particular:

- their targeted customer base (electricians, key accounts, contractors operating in a number of markets, institutions);
- their product offerings (aimed at end-users in general or with a concentration in certain end-markets or end-market segments) and services (for example, training of contractors);
- their commercial structure (number of travelling sales representatives, number and size of branches, call centers and technical support);
- their logistics organization and distribution channels (density of branch network, size of warehouses, delivery methods); and
- their purchasing policies (number of suppliers and partnerships with the main market suppliers).

While certain market players, similarly to the Rexel Group, focus on professional distribution of electrical products, other distributors offer less comprehensive product ranges and cover different segments of the market (such as construction or plumbing materials, industrial equipment, maintenance and repair products).

3.2.1.2 Breakdown of the professional distribution market

Geographic breakdown of the professional distribution market

Based on the Rexel Group's estimates, North America constitutes the largest market for professional distribution of low- and ultra-low voltage electrical products worldwide, representing approximately 38% of the market in 2008 (€62 billion). In 2008, Europe represented approximately 29% of the market (€47 billion) and the Asia-Pacific region (excluding Japan) represented approximately 13% of the market (€22 billion). The Rexel Group estimates that the Japanese market was worth approximately €6 billion in 2008, while the other geographic zones (Latin America, Africa and the Middle-East) would be worth approximately €27 billion.

Breakdown of the market of professional distribution of electrical products by major country [1]

Country	United States	Germany	Italy	France	United Kingdom	Canada	China
Size (billions of euros)	**58**	**9**	**7**	**6**	**4**	**4**	**10**

(1) Source: Rexel estimates.

End-markets for the installation of electrical products

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

- the industrial market, which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of factories and other industrial sites;
- the commercial building market, hereafter referred to as the "commercial market", which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of stores, schools, office buildings, hotels, community buildings and transportation infrastructure; and
- the residential building market, hereafter referred to as the "residential market", which essentially covers the use of electrical products in the construction, expansion, renovation and standardization of houses, housing developments, apartment buildings and public housing.

Rexel believes that the breakdown of Rexel Group sales in 2008 by end-markets would be as follows:

End market	Reported
Industrial	32%
Commercial	43%
Residential	25%

3.2.2 The Rexel Group's customers and their markets

The Rexel Group offers products and services to a large variety of customers, including contractors, end-users with internal installation departments, parts manufacturers and panel builders. The diversity of the Rexel Group's customer base allows it to not be dependent on a given customer, although the concentration of the Rexel Group's customers can be significant in certain countries or for certain product ranges. The Rexel Group's ten most significant customers accounted for approximately 5.6% of the Rexel Group's sales in 2008.

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

Contractors

General and specialty contractors represented 58% of the Rexel Group's 2008 sales (of which 20% were generated through large contractors and 38% by small- and medium-sized contractors). The Rexel Group's customer base includes, depending on the type and size of a given project, electricians and small contractors, medium-sized contractors and large contracting companies. These customers are present in each of the Rexel Group's three markets: industrial, commercial and residential.

Industrial companies

Industrial companies, which are the end-users in the industrial market, accounted for 19% of the Rexel Group's 2008 sales. These customers include manufacturers, parts manufacturers, panel builders, the professionals who provide maintenance services for such machines and industrial end-users.

Commercial companies

Commercial companies consist of end-users in the commercial market and represented 8% of the Rexel Group's 2008 sales. These customers include companies that operate in the commercial and retail industry, commercial services, public services and housing and transportation infrastructures.

Other customers

The Rexel Group also sells its products to municipalities, public entities, resellers and large do-it-yourself stores. These customers generated 15% of the Rexel Group's 2008 sales.

3.2.3 Geographic breakdown of the Rexel Group's markets

The Rexel Group's operations are organized around three principal geographic areas (Europe, North America and Asia-Pacific), as well as the segment "Other Operations" which includes the Rexel Group's other geographic markets. 2008 sales amounted to €12.9 billion. Its breakdown per region was as follows:

	Reported	
	In millions of euros	In percentage
Europe	**7,166.6**	**55.7%**
– France	2,483.0	19.3%
– United Kingdom	943.2	7.3%
– Germany	771.3	6.0%
– Scandinavia	707.1	5.5%
– Benelux	624.7	4.9%
– Others	1,637.3	12.7%
North America	**4,404.8**	**34.2%**
– United States	3,401.5	26.4%
– Canada	1,003.3	7.8%
Asia-Pacific	**881.9**	**6.9%**
Other Operations	**408.3**	**3.2%**
Total	**12,861.6**	**100%**

Europe

Based on its estimates, the Rexel Group was the number two player in the market for the professional distribution of low- and ultra-low voltage electrical products in Europe and held a market share of 18% in 2008. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 26%, 40% and 34% of its 2008 sales.

At December 31, 2008, the Rexel Group was established in 24 European countries. The Rexel Group believes that it is the leader in most of these countries, particularly in Austria, Spain, France, Ireland, Latvia, Luxembourg, Portugal, the Czech Republic, the United Kingdom, Slovenia, Slovakia, and Switzerland. Furthermore, the Rexel Group believes that it is the second leading distributor of low- and ultra-low voltage electrical products in Germany, Belgium, Finland, Lithuania, Norway, The Netherlands and Sweden.

North America

According to its estimates and based on its 2008 sales, the Rexel Group's market share in 2008 amounted to approximately 8% of the North American market for the professional distribution of low- and ultra-low voltage electrical products. The Rexel Group believes that it is the market leader in this area, both in the United States and in Canada, with market shares of 7% and 25% respectively.

In North America, the Rexel Group operates essentially in the industrial and commercial markets, and to a lesser extent in the residential market, which, since the beginning of 2007, has experienced a significant downturn. The Rexel Group believes that the industrial, commercial and residential markets respectively represented 42%, 50% and 8% of its 2008 sales in North America.

Asia-Pacific

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

In China, the Group has strengthened its activity within the last few years, and is now one of the main international players, with €90 million in sales in 2008, in a country where the portion of products distributed by structured groups is still low due to the maturity of the market. In addition, the Rexel Group has numerous offices in India, Indonesia, Malaysia, Singapore, Thailand and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 31%, 35% and 34% of the Rexel Group's 2008 sales in the Asia-Pacific region.

Other Operations

The Other Operations segment accounts for 4% of the 2008 pro forma sales. It mainly includes distribution of consumer electronics and luxury products (ACE) resulting from the acquisition of Hagemeyer approximately €400 million). It also includes the distribution of electrical equipment in Chile (where the Rexel Group believes that it has the leading position), as well as some of Rexel Group's activities coordinated at Group level (such as Bizline, Citadel and Conectis whose activities are mostly based in Europe).

3.3 THE REXEL GROUPS' COMPETITIVE ADVANTAGES

3.3.1 A world leadership position

The Rexel Group recorded pro forma 2008 sales of approximately €13.7 billion, has 2,412 branches (plus the 60 branches of the ACE division), has 32,967 employees and is established in 34 countries (plus the three countries in which only the ACE division is established: Korea, Taiwan and Micronesia).

Based on its estimates, the Rexel Group is the one of the leaders in the market of the professional distribution of low- and ultra-low voltage electrical products in terms of both 2008 pro forma sales and number of branches. Based on 2008 pro forma sales, the Rexel Group also believes that it is the only distributor to be among the top two players in its three principal geographic areas: North America, Europe and Asia-Pacific. In particular, in Europe, the acquisition of Hagemeyer allowed the Rexel Group to increase its market share from 11% (with 930 branches) at December 31, 2007, to over 18% (with 1,432 branches). Also, the European countries in which the Rexel Group believes that it holds a market share exceeding 10% account for over 94% of sales. Furthermore, the Rexel Group believes that it is the number one or number two player in 20 European countries, accounting for approximately 75% of the market.

The Rexel Group also estimates that it holds a world market share of 8% to 9% on a pro forma basis, which allows it to continue developing its market shares, including by external growth, thus becoming one of the main players of the consolidation of the market of the professional distribution of low- and ultra-low voltage electrical products.

The Rexel Group's worldwide leadership position allows it to:

- respond to customers operating in several different regions and offer a consistent standard of advice and services throughout the world;
- identify and apply best practices relating to management and development within the Rexel Group's network, due to the implementation of a lateral communication process covering the Rexel Group's most important business functions (purchasing, logistics, sales and training);
- benefit from a common logistics model and, at the regional level, IT systems that are shared by several operational platforms;
- take advantage of purchasing conditions that are equal to or better than those of its smaller competitors through the implementation of partnership agreements with its strategic suppliers; and
- better identify external growth opportunities in the countries targeted by the Rexel Group and integrate acquired businesses using a defined process based on its experience.

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

3.3.2 Diversified geographic and end-market presence

The Rexel Group estimates its 2008 sales breakdown by end-market and principal geographic area as follows:

	North America	Europe	Asia-Pacific	Rexel Group
Industrial	42%	26%	31%	32%
Commercial	50%	40%	35%	43%
Residential	8%	34%	34%	25%

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America and Asia-Pacific accounted for approximately 58%, 32% and 6% of 2008 pro forma sales respectively, compared to 56%, 34% and 7% on a reported basis.

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

3.3.3 A strong local leadership

The Rexel Group estimates that over 75% of its 2008 pro forma sales were generated in countries where it believes that it is the leader in terms of market share. The Rexel Group also believes that it holds a market share exceeding 20% in 19 out of the 34 countries where it is established (plus the three countries in which only the ACE division is established: Korea, Taiwan and Micronesia). This strong local presence tends to support growth in profitability, in so far as the Rexel Group estimates that its operating margins are generally higher in those countries where it holds significant market shares. The Rexel Group also believes that it has developed the industry's largest worldwide branch network.

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

- its ability to offer customers a range of products and services that is adapted to local needs and that is broader than that offered by other independent distributors;
- extensive branch coverage, which permits it to meet its customers' needs where they operate;
- the development of networks comprised of several different brands tends to support an increase in the Rexel Group's market share where it already has a relatively significant share of the market (for example, the Westburne and Netco networks in Canada);
- a tailored logistics structure, which is adapted to meet its customers' needs and the density of its markets;
- its capacity to employ qualified personnel who have strong knowledge of their local markets and its ability to provide continuous training to such personnel; and
- its attractiveness to suppliers as a distributor of reference that can promote their products.

3.3.4 An offering of high value-added products and services

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

- logistics chain outsourcing, including in the area of inventory management, assembly, distribution of replacement parts and the outsourcing of logistic services; and
- training, automatic machine programming assistance and help preparing cabling schematics.

The Rexel Group thus distributes an array of products and services that provide installation solutions aimed at functioning in an integrated manner and at satisfying all of its customers' electrical product needs. To this end, the Rexel Group constantly develops and adapts its product offering in order to take into account technological advancements and customer demand for new products arising from increased needs for comfort, security, ergonomics, home automation and automation. The Rexel Group thus offers approximately 20% of new products each year.

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

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

3.3.5 Experienced and skilled personnel

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

The Rexel Group's employees benefit from an active training policy in the technical and commercial fields, which is performance-oriented. In addition, as a result of productivity gains, the Rexel Group continually increases the number of its employees who regularly interact with customers. The Rexel Group also seeks to build customer loyalty and develop its market share. As a result, its gross profit per employee has increased between 2004 and 2008, from €81,200 in 2004 to €96,800 in 2008.

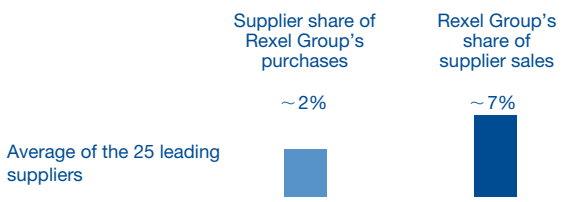
Furthermore, the Rexel Group's management team has broad experience in professional distribution, as well as operational, financial, and mergers and acquisition expertise.

3.3.6 Privileged relationships with suppliers

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

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

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



3.3.7 An efficient logistical model

The Rexel Group's distribution operations are based on a logistic model that includes regional distribution centers, "hub and spoke" branches and stand-alone branches. The choice of one of these methods of distribution in a given region depends on a number of factors.

The Rexel Group believes that its logistic model allows it to adapt the services it provides to its customers' needs by offering them a broader range of products and allows it to adapt its distribution system to its local markets at reduced cost.

In 2008, *inter alia* thanks to the Hagemeyer Transaction, the Rexel Group increased its geographical presence in Europe, where three countries account for sales in excess of €800 million, and five countries account for sales in excess of €350 million, and may therefore complement and roll-out its more advanced logistical models in a greater number of countries.

3.3.8 An economic model generating high cash flow

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

Management's variable compensation depends in part on the optimization of working capital needs, with a view to reduce inventories and customer payment delays through the continuous optimization of logistics and *credit management.* Working capital requirements have decreased as a percentage of sales between 2004 and 2008, down to 12.0% as at December 31, 2008. The launch of a Rexel Group logistic model based on a hub and spoke system of satellite branches and regional distribution centers, as well as the implementation of software designed to follow-up the collection of receivables, are examples of initiatives that have reduced the Rexel Group's working capital requirements relative to its overall sales.

The Rexel Group has also maintained gross capital expenditures over the last three years at an annual level between 0.7% and 0.9% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

Therefore, the Rexel Group was able to self-finance a significant portion of its external growth between 2005 and 2008 thanks to its operating cash flow.

3.3.9 A flexible cost structure

The Rexel Group believes that its adaptability allows it to limit adverse effects on its operating margins arising from a reduction in sales. Moreover, this capacity results

in a profitability structure that delivers improvements in operating margins during periods of growth, provided that the fixed elements of its cost base are able to be grown more slowly than its sales.

Based on 2008 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

– variable costs based on the activity level amounting to 23% (transportation, commissions, etc.);

– very short-term flexible costs amounting to 33% (wages in certain countries, advertising, various fees, etc.);

– fixed, short or medium-term flexible costs amounting to 44% (wages, rents, IT system costs, etc.).

3.4 THE REXEL GROUP'S STRATEGY

The Rexel Group's strategy is based upon a number of operational levers and an external growth strategy that enable it to pursue organic growth while simultaneously aiming at increasing its profitability. In addition, the Rexel Group is a driving force in the increase of the portion of the professional distribution of electrical materials at the core of the value chain of installation, maintenance and renovation of new or existing constructions.

3.4.1 Operating levers

3.4.1.1 Levers in relation to sales

Optimize the Rexel Group's branch network

The Rexel Group, which has 2,472 branches, constantly extends its sales outlets networks in order to follow as close as possible the evolutions of its professional customers, both in terms of trading areas and of purchase behaviour. Rexel has opened or moved 40 branches in 2008, thus improving proximity with its customers.

The Hagemeyer Transaction has resulted in an intensification of the network in Europe (528 additional branches at the end of 2008) which will allow an evolution of logistical structures towards more advanced models, as well as a cost optimization.

Develop "key accounts"

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

Based on 2008 sales, the Rexel Group believes that it has generated sales of €2 billion on the "key accounts" segment, representing a growth rate of 6%. The Rexel Group believes that this segment represents a substantial portion of the world market of professional distribution of low- and ultra-low voltage electrical products (approximately €20 billion).

Develop e-commerce

E-commerce continues being a medium for growth and for a substantial decrease in distribution costs for the Rexel Group. E-commerce has increased by 26% in 2008, representing 8% of sales compared to 6% in 2007.

Implement a multi-network commercial structure

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

– with respect to its customers, multiple networks allow a distributor to provide offerings that cover a broader portion of market demand and better target the demands of different customer segments; and

– with respect to its suppliers, multiple networks provide more targeted advertising and promotional opportunities.

As a result, the Rexel Group intends to pursue this strategy both through acquisitions and the reorganization of its existing network, in particular within the context of the integration of the Hagemeyer network.

3.4.1.2 Levers in relation to gross margin

Optimize relationships with suppliers

With pro forma purchase volumes of €10.5 billion in 2008, the Rexel Group has structured its relationships with its suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow it to shape its product offering to fit local needs and to perpetuate its profitable development. By materially increasing the Rexel Group's purchase volumes, the Hagemeyer Transaction increased Rexel's attractiveness as a partner for electrical materials manufacturers. This contribution which should be the source of approximately 35% of the synergies expected from the Hagemeyer Transaction (see paragraph 2.2 of this *Document de Référence*).

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

The Rexel Group intends to continue to optimize its supplier portfolio with the objective of improving its gross margin. In 2008, the Rexel Group made approximately 53% of its purchases from its 25 leading suppliers, compared to 55% in 2007.

Develop the Rexel Group's own-brands

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

- less importance afforded to well-known supplier brand names by customers;
- product functionality that is increased by packaging adapted to customer needs; and
- high fragmentation of manufacturers.

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

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

Sales of own-brand products accounted for approximately 4% of Rexel Group sales in 2008 compared to 2% in 2007, thus contributing to the increase of its gross margin. The Rexel Group intends to continue a targeted development of its own brands.

Optimize sales prices

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

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

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

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

3.4.1.3 Levers in relation to costs

Optimize logistic systems

The Rexel Group intends to continue to adapt its logistics and distribution systems based on the density of its branch network and the expectations of its customers. The Rexel Group estimates that in 2008, approximately 62% of its sales were generated in countries benefiting from a logistics model adapted to local market requirements and to the structure of the Rexel Group's business, compared to 66% in 2007.

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

Rationalize information technology systems

The Rexel Group's IT systems include many software applications, such as software for purchasing, logistics, inventory management, accounting and commercial management.

The Rexel Group's historic development by external growth has led to the coexistence within the Rexel Group of multiple different information system platforms. The Hagemeyer Transaction resulted in an increase in the number of IT systems by approximately twenty.

In 2008, the Rexel Group continued the development and the rationalization of its information technology systems, in particular in certain European countries. In the United States, the migration of the information technology systems covered by the transition services agreements entered into with General Electric still in force in 2008 was successfully and timely completed by Gexpro. As a part of this initiative, the Rexel Group has entered into IT outsourcing contracts with third-party service providers in certain countries, including France and North America, which also grant the Rexel Group access to complementary technical skills.

During 2008, Rexel has reviewed the existing application processes and techniques at Hagemeyer and established, in accordance with the relevant countries, IT integration plans in order to achieve the synergies announced by both organizations.

Rexel's objective is to have a maximum of one information system per country, capable of being adapted to customers' needs, with the option for certain small countries, where applicable, to have a joint platform. In 2008, the information technology systems costs decreased compared to 2007 and accounted for approximately 1.0% of sales.

Reduce working capital requirements

As a distributor, working capital requirements represent a significant portion of capital employed by the Rexel Group. The Rexel Group's objective is to continue to reduce its working capital requirements in percentage of sales, through the following means:

- improving inventory turnover by having a product offering that is adapted to customers' needs, by using, for example, a statistical analysis of their purchasing. In particular, the Rexel Group seeks to limit the risk of obsolescence, a risk inherent in the technological nature of the products it distributes;
- reducing differences in payment days between suppliers and customers, while also adapting the payment days to suppliers. To this end, the Rexel Group seeks to ensure

that its customers' payment days are in keeping with the best market practices in the countries in which it operates; and

– improving turnover of accounts receivable.

On a comparable basis and excluding non-recurring favorable events, trade working capital requirements of the Rexel Group in percentage of sales, decreased from 13.0% as at December 31, 2007 to 12.6% as at December 31, 2008.

Increase productivity

In order to continually improve the quality of its services, the Rexel Group is progressively increasing the percentage of its customer-facing employees, which at the end of 2008 represented approximately 60% of its total employees, compared to 58% at the end of 2003. In addition, the Rexel Group seeks to improve its support functions, particularly in the administrative services areas, in order to optimize operating costs.

3.4.2 Pursue external growth

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

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

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

Thus, between 2004 and 2008, the Rexel Group carried out, 31 acquisitions, including 6 acquisitions in North America, 14 in Europe and 11 in Asia-Pacific, as well as the acquisitions of GE Supply (renamed Gexpro) and of Hagemeyer.

The Rexel Group will continue to target the acquisition of small to mid-size companies. Furthermore, if the opportunity arises, the Rexel Group may also undertake significant acquisitions.

3.4.3 Develop the Rexel Group's potential markets

Accompany the development of emerging countries

The Rexel Groups intends to develop its presence in emerging countries along with the development of the professional distribution of electrical materials in such countries. The Rexel Group offers contractors and end-users a distribution structure allowing them to access the quality and diversified offering of international manufacturers, and thus develop their own activities in these emerging markets.

The Rexel Group intends, *inter alia,* to develop its presence in Asia, where markets with strong growth potentials are located, although volumes should remain limited in the medium term compared to mature markets. These developments will be implemented in partnership with manufacturers.

Expand the scope of activity of electrician contractors

In the context of a growing demand from end-users in the fields of security, comfort and energy savings, the Rexel Group aims at increasing the portion of equipment installed by electricians. This strategy relies on the constant effort of the Rexel Group focusing on the training of its teams and on actions aimed at its customers.

The Rexel Group thus successfully developed its product offering in relation to security and communication with, *inter alia,* the setting-up of a dedicated structure, Conectis. Geothermal and photovoltaic equipment is also subject to growing demand.

3.5 INSURANCE

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

The Rexel Group has developed a risk management procedure (see paragraph 4.6 of this *Document de Référence*). This procedure includes training policies for branch managers relating to safety and site protection in order to limit the risk of the occurrence of accidents and the extent of damages.

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

The group insurance programs underwritten with insurance companies of international stature cover the following risks:

- Property damage and operating losses (*i.e.,* damages suffered by the Rexel Group and caused by an external event, such as fire, explosion, water damage, lightning, storms, flooding, hurricane, natural events, machine breakage, acts of terrorism, theft);
- General civil liability relating to damages caused to third parties by the Rexel Group. This includes operations and product liability coverage for bodily injury, property damage and related financial damages;
- Fraud and wrongdoing, including by means of information systems, covering direct damages, additional expenses, operating losses, and legal fees relating to fraudulent acts or wrongdoing affecting in particular personal property or data.

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

The following table sets forth the level of coverage for the principal risks against which the Rexel Group is insured:

– property damages and operating losses	Replacement value plus up to 12 months' lost gross profit per occurrence €100 million cap per occurrence
– general civil liability	€150 million per occurrence per year
– fraud and wrongdoing including by means of information systems	€20 million per occurrence per year

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

3.6 PROPERTY, PLANT AND EQUIPMENT

In the past, the Rexel Group owned a large number of properties. However, over the last few years, the Rexel Group has proceeded with the sale or sale and leaseback of the majority of its properties. The Rexel Group now rents most of its premises due to the operational flexibility this provides.

As at December 31, 2008, the properties used by the Rexel Group mainly included:

- The registered office of Rexel, located in Paris (France), which is leased and has a surface area of 6,186 sq. meters, and the administrative buildings of the operational entities, located in Europe, North America and Asia-Pacific, which are mainly leased. The registered office of Rexel and the administrative buildings of the operational entities house the management and operational functions of the Rexel Group;
- 50 regional distribution centers located in Europe (France, Germany, Portugal, the Netherlands, Belgium, Austria and Slovenia), North America (United-States), Asia-Pacific (New-Zealand) and Chile. Regional distribution centers are mainly leased and have an average surface area which varies from 8.600 sq. meters for the regional distribution centers located in Europe (excluding France) and 17.000 sq. meters for the regional distribution centers located in France (see paragraph 3.1.3.2 of this *Document de Référence*);
- 2,472 branches located in Europe, North America, Asia-Pacific and in the countries relating to the other operations segment. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 800 sq. meters to 1,500 sq. meters. Branches are mainly leased (see paragraph 3.1.3.2 of this Document de Référence).

The real estate assets of the Rexel Group do not include any material existing or planned item and are not subject to any major encumbrance.

In addition, between March and May 2008, Rexel France has concluded a sale-and-leaseback agreement with Gecina Group for seven logistics platforms located in specialized logistics hubs on major trunk roads. This transaction is part of the Rexel Group's strategy of leasing its commercial and logistics sites so as to be able to continuously adapt its real estate portfolio to market evolutions. This transaction reduces Rexel's debt by €63 million.

3.7 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

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

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

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

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

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

3.8 REGULATIONS

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

3.8.1 Product liability

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

The Rexel Group has adopted a contractual strategy that aims for the manufacturer to assume, in its capacity as warrantor, certain liabilities, including product liability.

Therefore, the agreements entered into by Rexel Group with its suppliers generally include warranties covering liability for products of the same nature, standard and scope as those granted by the manufacturer. In some circumstances, however, the warranties granted by the Rexel Group may exceed those granted by the manufacturer. In those circumstances, the Rexel Group would be solely liable for any breach of warranty during the time period during which only the Rexel Group's warranty is in effect.

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

As an importer into the European Union, the U.S. territory or Canada, among other territories, the Rexel Group may be held liable for any defects of the products that it distributes.

In the European Union, where a major distributor of products from third-party countries assumes the obligations of the manufacturers, the Rexel Group uses well-known manufacturers and has products tested by European laboratories that can provide certification when so required by applicable standards and/or regulations in the country of marketing.

In North America, own-brand products sold are sourced predominantly either from low-cost country suppliers, or from well-known North American-based manufacturers or importers, who assume all contractual guarantees. North American regulations governing products liability vary from state to state and, in most states, the distributor can be held liable for product defects. In some states, however, a distributor will be dismissed where the manufacturer is known and solvent. In other cases, distributors can seek indemnification, but only following the resolution of the claim.

In all cases of import, the Rexel Group applies, to the extent possible, its contractual strategy in relation to product liability.

3.8.2 Environmental regulations

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

The directive known as "RoHS"

Directive 2002/95/EC of the European Parliament and of the Council of January 27, 2003, known as the "RoHS" directive (Restriction of Hazardous Substances), prohibits the use of certain hazardous substances in electrical and electronic equipment. Pursuant to this directive, manufacturers must provide certificates of compliance with respect to the products that they manufacture.

As a consequence, as a distributor, the Rexel Group is not directly implicated. The Rexel Group nevertheless seeks to ensure that the products it distributes are manufactured in accordance with the RoHS directive. The main products that the Rexel Group distributes and that are subject to the RoHS directive comprise lighting and heating equipment, household appliances and batteries. As a consequence, the Rexel Group works on a case-by-case basis with manufacturers to obtain these certifications.

The directive known as "WEEE"

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

The regulations known as "REACH"

Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006 known as the "REACH" (Registration Evaluation and Authorization of Chemicals) regulation relates to the registration, evaluation and authorization of chemical products as well as the restrictions applicable to these products. As a distributor on the European market of products that may contain chemical substances concerned by these regulations, the Rexel Group is bound to provide its customers with the information received from its suppliers and relating to the health and environment impacts of these substances. The main entity liable is the manufacturer of chemical products. The Group has implemented a process aiming at collecting and providing the information in accordance with the REACH regulation.

3.8.3 French law for the modernization of economy

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

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

The inter-professional federation of which the Group Rexel is a member has signed an inter-professional agreement allowing for a progressive reduction of the payment delays until December 31, 2011: 70 days as of month-end in 2009, 65 days as of month-end in 2010 and 50 days as of month-end in 2011. At January 1, 2012, the delays provided by the law will apply. The validity of this agreement is subject to approval by decree further to an opinion of the French competition authority. In its notice N° 09-A-07 dated March 19, 2009, the French competition authority issued a favorable opinion in relation to this agreement. At the date of this *Document de Référence,* the validation decree has not been published.

The implementation of the reduction in the payment delays in accordance with the LME should have a negative impact on the working capital requirement of Rexel in France, which will be reduced by the implementation of the inter-professional agreement and the various measures set up with the suppliers. The Rexel Group estimates that this impact for 2009 should be less than 0.3% of its sales.

4. Risk factors

Investors are urged to carefully review the risks described in this Chapter, as well as all of the other information set forth in this Document de Référence. Such risks are, on the date hereof, the risks that the Rexel Group believes the occurrence of which could have a material adverse effect on its financial condition or its results of operations. Rexel conducted a review of these risk factors and considers that there are no other significant risks than the ones described in this section. Note that there may, however, be other risks that have not yet been identified as of the date of this Document de Référence, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect.

4.1 RISKS RELATING TO THE REXEL GROUP'S INDUSTRY

4.1.1 Risks relating to the general economic environment

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

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic areas in which the Rexel Group operates. Europe, North America, Asia-Pacific and Other Operations accounted for approximately 32%, 58%, 6% and 4% of the Rexel Group's pro forma sales respectively. Moreover, the Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 32%, 43% and 25% of its 2008 sales. However, this distribution varies depending on geographical areas (see paragraph 3.2.3 of this *Document de Référence*). In particular, in North America, the residential market accounts for approximately 8% of 2008 sales in this area. In each geographical area, construction, renovation, and maintenance activities evolve differently. For example, renovation, which is less sensitive to economic cycles, is more significant in the residential building and commercial building markets in Europe than is the case in North America.

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

4.1.2 Risks relating to acquisitions

In the last few years, the Rexel Group has carried out bolt-on acquisitions allowing the development of its local and regional market shares.

In respect of bolt-on acquisitions, the Rexel Group may however be unable to identify appropriate companies, complete acquisitions under satisfactory terms, integrate acquired companies or achieve expected synergies within planned timeframes. Lastly, the Rexel Group may bear charges or liabilities undisclosed in its due diligence and acquisition processes.

The Rexel Group intends to integrate the acquired entities. However, Rexel cannot guarantee that the integration of these entities will occur within the planned timeframes. In addition, integration costs could be higher than initially anticipated and expected synergies may not be fully achieved (see paragraph 2.2 of this *Document de Référence*). Finally, on March 19, 2008, Kelium began a compulsory squeeze-out procedure in relation to the shares and convertible bonds of Hagemeyer in accordance with Dutch law. Rexel cannot take any commitment in relation to the date of closing of this procedure or to the absence of disputes with respect thereto.

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

4.1.3 Risks relating to changes in prices of certain raw materials

In connection with the distribution of cable products, which account for 18% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for 58% of the composition of cables, cable prices change in accordance to copper prices. These changes are not, however, solely and directly linked to copper prices fluctuations to the extent that cable prices also depend on

the commercial policy and the competitive environment of suppliers on the Rexel Groups' markets. The Rexel Group's exposure to copper price fluctuations is therefore indirect. For this reason, the Rexel Group does not provide a copper-based cable prices fluctuations sensitivity analysis.

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

– a negative recurring impact linked to a decrease in sales, in so far as the Rexel Group passes-on through lower sales prices, most of the price decreases in the purchase prices of these cables; and

– a negative non-recurring impact on gross margin corresponding to the impact of copper-based cable price decreases between the time they were purchased and the time they were sold, until complete turnover of inventory.

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

The recurring impact referred to above concerns, *inter alia,* sales and gross margin, and is assessed, for a given period, in respect of the same period of the previous financial year. Conversely, the non-recurring impact, to the extent that it concerns inventories, is assessed for a given period in respect of the immediately preceding inventory turnover period. Therefore, a change in copper-based cable price may result in different recurring and non-recurring impacts if the change in cable prices in respect of the same period of the previous financial year is different from the change in cable prices in respect of the immediately preceding inventory turnover period.

Thus, in 2008, the Rexel Group estimates that variations in cable prices have contributed to recurring decreases in its sales by approximately 0.3% on a constant basis and same number of working days (as defined in paragraph 6.1.4 of this *Document de Référence*). Furthermore, the decrease in cable prices in 2008 resulted in a negative non-recurring impact on EBITA estimated at €61 million.

In comparison, in 2007, variations in cable prices had contributed to recurring increases in the Rexel Group's sales of approximately 0.3% on a constant basis and same number of working days. Furthermore, the decrease in cable prices during 2007 had resulted in a negative non-recurring impact on EBITA estimated at €9.5 million in 2007 (€1.5 million on a comparable basis).

The Rexel Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminium or nickel) or oil. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2008, transportation costs accounted for 1.9% of the Rexel Group's sales, approximately 0.4% of which related to oil prices.

The change in the prices of certain raw materials may have an adverse effect on the Rexel Group's financial condition or results of operations.

4.1.4 Competition risks

The market for professional distribution of low- and ultra-low voltage electrical products is characterized by robust competition, as the products distributed by the Rexel Group are generally available from other distributors. At the international level, the Rexel Group competes with several large professional electrical distributors, such as Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Sonepar and WESCO International. In addition, general building trade distributors, and retail specialists in the building materials and equipment market, could continue to develop their electrical product offerings or acquire companies that are already present in the electrical product distribution sector and thereby create increased competition for the acquisition of market share. Finally, the Rexel Group also competes with smaller independent distributors that operate on the national, regional or local level which may occasionally create cooperative purchasing organizations.

Although the countries in which the Rexel Group believes that it is the leader in terms of market share accounted for approximately 78% of its 2008 pro forma sales and although the Rexel Group believes that, based on 2008 pro forma sales, it is the leading distributor in North America and in the Asia-Pacific region and number two in Europe, some of the Rexel Group's competitors may have a larger market share than the Rexel Group in certain geographic areas. In addition, the Rexel Group's competitors may develop strategic relationships with its suppliers or maintain long-term contractual relationships with present or potential customers, in particular in markets where the Rexel Group is seeking to expand. Lastly, regional competitors and new market entrants could attempt to hire the Rexel Group's employees, particularly sales and branch management personnel, which could have a negative effect on the Rexel Group's operations. The competitive pressure that the Rexel Group faces could therefore have an adverse effect on its financial condition or results of operations.

4.2 RISKS RELATING TO THE REXEL GROUP'S OPERATIONS

4.2.1 Risks relating to the Rexel Group's information technology systems and logistical structure

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

In 2008, the Rexel Group continued the evolution and the rationalization of its information technology systems.

The Rexel Group continues to implement its IT systems upgrade plan on a regional level. However, the Rexel Group cannot provide assurances that this plan will be completed on satisfactory terms or within the expected timeframes, or that the results will be as expected. The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disturbances with respect to its personnel, operations or information flow.

Lastly, the adaptation of the Rexel Groups' logistical structures or malfunction of one or several of such structures may result in temporary or long-lasting disruptions of its business and have a negative impact on its financial condition or results of operations.

4.2.2 Risks relating to commercial dependence

In order to rationalize its purchasing and strengthen its relationships with a smaller number of manufacturers, the Rexel Group is pursuing a policy of reducing the number of its suppliers. In 2008, the Rexel Group's purchases from its 25 leading suppliers accounted for approximately 53% of its total purchases.

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

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

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

4.2.3 Risks relating to the international scope of the Rexel Group's activities

The Rexel Group distributes low- and ultra-low voltage electrical products in 34 countries (plus the three countries in which only the ACE division is established: Korea, Taiwan and Micronesia) and made approximately 82% of its 2008 pro forma sales outside of France, Europe (excluding France), North America and Asia-Pacific having accounted for 40%, 32% and 6% of the Rexel Group's 2008 pro forma sales, respectively. The Rexel Group intends to continue to expand its activities internationally and could therefore be exposed to a number of risks inherent in the international nature of its operations, such as:

- fluctuations in currency exchange rates (including the U.S. dollar / Euro exchange rate) and currency devaluations;
- different tax regimes;
- restrictions and costs relating to compliance with different legal standards and enforcement mechanisms, as well as limitation on transfers of capital;
- different terms and payment delays of accounts receivable in the countries in which the Rexel Group operates; or
- political and/or economic instability, including the possibility of wars or terrorist attacks.

If any of these risks were to occur, it would have an adverse impact on the Rexel Group's financial condition or results of operations.

In addition, as an international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in light of diverse regulatory requirements and its commercial, financial and tax objectives. The Rexel Group's structures therefore create value from the synergies and the commercial power vested in a multinational group. Given that tax laws and regulations in the various jurisdictions in which the Rexel Group operates may not provide clear-cut or definitive doctrines, the tax regime applied to the Rexel Group's operations and intra-group transactions is based on the Rexel Group's reasoned interpretations of local tax laws and regulations. The Rexel Group cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which could adversely affect its financial condition or results of operations.

4.3 LEGAL AND REGULATORY RISKS

4.3.1 Risks relating to pending litigation

The Rexel Group is involved in tax, commercial and environmental disputes. In particular, some of the Rexel Group's subsidiaries are involved in tax audits and reassessments, in particular in France, Germany and the United States (see paragraph 14.6 of this *Document de Référence*). In addition, two of the Rexel Group's North American subsidiaries are involved in asbestos-related litigation in the United States.

The tax claims linked to events prior to the Rexel Acquisition are covered by a capped indemnity granted by the PPR group. The other tax claims are related to periods not covered by the PPR indemnity. In addition, certain tax audits have not resulted in any tax adjustments or litigation proceedings as of the date of this *Document de Référence.* Finally, considering the status of the ongoing proceedings, the Rexel Group cannot predict the outcome of these cases with certainty or assess potential tax adjustments. Consequently, although the Rexel Group considers that such proceedings will not have any material effect, the Rexel Group is not in a position to predict whether these proceedings will have a material effect on its financial condition or results of operations.

The Rexel Group believes that its exposure to asbestos-related litigation in the United States is limited, because the existing claims of which it is aware either relate to questions of product liability, which concern principally the manufacturers, or are principally attributable to other parties, including the owners and lessors of premises involved, as well as to the manufacturers of structures installed in such premises. Nevertheless, given the nature and status of the proceedings, the Rexel Group's involvement in such proceedings and the number of claimants, the Rexel Group is not in a position to provide a quantitative estimate of the amount of the claims made. Moreover, given the current procedural status and nature of the proceedings, the Rexel Group cannot predict the outcome of these proceedings or their financial consequences on the Rexel Group. Consequently, although the Rexel Group considers that such disputes will not have any material effect, the Rexel Group is not in a position to predict the outcome of these proceedings or whether these proceedings will have a material effect on its financial condition or results of operations.

The Rexel Group is involved in a number of other legal proceedings, some of which, if adversely concluded, could require the payment of substantial amounts, which could have a material adverse effect on the financial condition and operating results of the Rexel Group. Although the Rexel Group believes that it has sound legal grounds to defeat all of these claims, Hagemeyer has established provisions for a limited number of these claims, which, as the outcome of these claims cannot be predicted, might prove insufficient to cover them. These disputes are described in paragraph 14.6 of this *Document de Référence.*

Lastly, the Rexel Group cannot rule out the possibility that new claims or suits may arise as a result of facts or circumstances that are not yet known or the risks of which cannot currently be ascertained or quantified. Such claims may have an adverse effect on its financial condition or results of operations.

4.3.2 Risks relating to legal and regulatory developments

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

The Rexel Group believes that its business does not represent any major environmental risks, as it does not involve the use of manufacturing processes that are likely to seriously damage non-renewable resources, natural resources (air, water) or biodiversity. However, the Rexel Group must comply with laws and regulations relating to asbestos, health, safety and security, as well as the use, handling, disposal and recycling of waste or hazardous materials.

The Rexel Group cannot give any assurance that it has been, is or will be, in all circumstances in compliance with such standards, laws and regulations, or that it will not incur significant expenses to comply with such standards, laws and regulations, which may have an adverse effect on its financial condition or results of operations.

4.3.3 Risks relating to pension plans

Rexel is engaged in approximately fifty defined-benefit pension plans (15 of which result from the integration of Hagemeyer) across 15 countries, mainly in The Netherlands, the United Kingdom and in Canada.

As at December 31, 2008, Rexel's liabilities in respect of the pension plans and similar defined-benefit advantages amounted to €924.1 million (forecast present value as at December 31, 2008). Hedging assets assessed at market value as at December 31, 2008 amounted to €728.7 million.

The calculation of the present value of the liability is based on a number of financial and demographic assumptions, which are set out in note 18 to the consolidated financial statements of Rexel for the year ended December 31, 2008, as set out in paragraph 14.1.1 of this *Document de Référence.* This note presents the sensitivity to changes in the discount rate, in the expected return on plan assets and in the rate of change in medical expenses.

Hedging assets mainly include shares and bonds. Therefore, they are subject to changes in these markets. As at December 31, 2008, hedging assets where allocated, on average, as follows:

– 38% in shares;

– 48% in bonds;

– 14% in money market and other investments.

In the second half of 2008, the increased difficulties on the financial markets materially impacted the value of the assets. The actual yield of the hedging assets recorded in 2008 was €135 million less than the expected theoretical yield of the hedging assets.

This decrease results in a reduced hedging of the undertakings related to pension plans by the assets, and, therefore, a larger anticipated net financial expense with respect to future financial years for the Rexel Group. Moreover, depending of financing rules specific to each country and each plan, the Rexel Group may be forced to carry out additional contributions, potentially spread over time, in order to comply with certain ratios between the liability and the fair value of the hedging assets.

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

4.4 RISKS RELATING TO THE REXEL GROUP'S SOURCES OF FINANCING

4.4.1 Risks relating to indebtedness

At December 31, 2008, the Rexel Group's gross indebtedness amounted to €3,739.0 million and its net indebtedness amounted to €2,932.0 million. In particular, the Rexel Group has entered into borrowings for significant amounts, a detailed description of which is set out in paragraph 7.2 of this *Document de Référence.*

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

The Rexel Group could thus be at a disadvantage compared to competitors that do not have a similar level of indebtedness during the same period.

Furthermore, the Rexel Group's ability to comply with restrictions and contractual obligations contained in certain of its credit agreements (in particular the Senior Credit Agreement and the securitization programs; see paragraph 7.2 of this *Document de Référence*), or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Rexel Group's future operating performance, which may be affected by a number of factors beyond its control (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.).

4.4.2 Risks relating to bank financing (excluding securitizations)

Certain bank loans, including the Senior Credit Agreement (as defined in paragraph 7.2.1 of this *Document de Référence*), contain customary restrictions limiting the Rexel Group's operations. In particular, these restrictions limit its capacity to grant guarantees on assets, carry out merger or restructuring operations, borrow or lend money, provide collateral and make certain investments.

Furthermore, the Senior Credit Agreement also contains provisions concerning acquisitions, full or partial early repayment upon the occurrence of certain events and changes of control. These restrictions could impact the Rexel Group's ability to modify its activities and respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group's various financial commitments are described in the notes to the consolidated financial statements of Rexel for the year ended December 31, 2008, as set out in paragraph 14.1.1 as well as in paragraph 7.2 of this *Document de Référence*. As at December 31, 2008, the Rexel Group was in compliance with all of its applicable financial commitments.

Non-compliance by the Rexel Group with its financial commitments, in particular with the financial ratios set out in the Senior Credit Agreement, may result in early termination by the borrowers of the agreements entered into with the Rexel Group, and such borrowers may require early repayment of any payable amount of principal or in interest, under such agreements.

In addition, certain agreements, including the Senior Credit Agreement, contain provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or the issuance of debt securities on regulated markets.

It such cases, Rexel cannot provide assurances that the Rexel Group may refinance itself under similar terms. The implementation of refinancing under less favorable terms may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

4.4.3 Risks related to securitization programs

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable (see paragraph 7.2.2 of this *Document de Référence*).

On December 17, 2008, the Rexel Group launched a new securitization program, including Hagemeyer's subsidiaries in the United Kingdom, Germany, Spain, Belgium and The Netherlands, as well as Rexel's subsidiaries in Spain, Belgium and The Netherlands. This program, of a maximum amount of €600 million, has a term of 5 years.

As at February 28, 2009, the Rexel Group was in compliance with all of its applicable financial commitments in the scope of these securitization programs.

If the relevant Rexel Group companies do not comply with their obligations as established by the credit institutions or the investors, such programs could be terminated. Furthermore, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Rexel Group's financial position in the event of a deterioration of the quality of the receivables. Finally, the Rexel Group's receivables are transferred to special-purpose entities that are financed through the issuance of short-term debt instruments subscribed by investors. In the event of exceptional events, the Rexel Group cannot guarantee that the special-purpose entities could continue to issue such instruments, or to do so under similar terms (see paragraph 7.2.2 of this *Document de Référence*). In such circumstances, the Rexel Group may be forced to refinance all or part of the programs affected by such events under less favorable terms.

It such cases, Rexel cannot provide assurances that the Rexel Group may refinance itself under similar terms. The implementation of refinancing under less favorable terms may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

4.5 MARKET RISKS

4.5.1 Interest rate risk

The interest rate risk is detailed in note 20.1 to Rexel's consolidated financial statements for the year ended December 31, 2008, set forth in paragraph 14.1.1 of this *Document de Référence.*

The applicable margin to the Senior Credit Agreement is determined based on the Indebtedness Ratio (as defined in the Senior Credit Agreement), in accordance with the mechanism described in note 19.1.1 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2008, set forth in paragraph 14.1.1 of this *Document de Référence.* Thus, depending on the Indebtedness Ratio (as defined in the Senior Credit Agreement), the margin applicable to the Senior Credit Agreement may vary between 0.75% and 2%, which may result in an increase in the financial expenses. At December 31, 2008, the margin applicable to the Senior Credit Agreement amounted to 1.75%.

4.5.2 Exchange rate risk

The exchange rate risk is detailed in note 20.2 to Rexel's consolidated financial statements for the year ended December 31, 2008, set forth in paragraph 14.1.1 of this *Document de Référence.*

4.5.3 Liquidity risk

The liquidity risk is detailed in note 20.3 to Rexel's consolidated financial statements for the year ended December 31, 2008, set forth in paragraph 14.1.1 of this *Document de Référence.*

At December 31, 2008, the Rexel Group's liquidity was €1.3 billion, of which €716 million in cash excluding overdrafts and €585 million on undrawn credit lines. The Rexel Group's liquidity is therefore higher than the amounts to be repaid under the Senior Credit Agreement by the end of 2011, which totals €790 million, and other commitments that the Rexel Group may have to deal with.

A description of the Rexel Group's indebtedness is provided in paragraph 7.2 of this *Document de Référence.*

4.5.4 Counterparty risk

The counterparty risk is detailed in note 20.4 to Rexel's consolidated financial statements for the year ended December 31, 2008, set forth in paragraph 14.1.1 of this *Document de Référence.*

4.5.5 Share risk

With the exception of Rexel's treasury shares, Rexel does not hold, as at the registration date of this *Document de Référence,* any interests in listed companies. Therefore, Rexel believes that it is not subject to any risk in relation to shares of listed companies, other than the risk relating to the hedging assets of the pension liabilities referred to in paragraph 4.3.3 of this *Document de Référence.*

As at December 31, 2008, Rexel held 1,215,015 of its own shares. These shares have been acquired at an average price of €7.358 in the scope of a liquidity agreement entered into with the Rothschild bank. In the event of a sale, a 10% change in the Rexel share price in respect of the average acquisition price would have an impact net of income tax of approximately €0.6 million on shareholders' equity.

4.6 RISK MANAGEMENT

The risk management procedure is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system of reference. The purpose of this process is to identify potential risks, to define and implement measures to limit such risks and to promote a risk control environment.

The internal control procedures implemented at the Rexel Group level are described in the report of the Chairman of the Supervisory Board in relation to the operation of the Supervisory Board and internal control procedures, which is attached as Annex 1 to this *Document de Référence.*

5. Corporate responsibility

5.1 EMPLOYEES OF THE REXEL GROUP

The acquisition of Hagemeyer by Rexel in the course of 2008 substantially modified the corporate profile of the Rexel Group. Rexel obtained all of Hagemeyer's PPS (Professional Products and Services) activities in Germany, Belgium, Spain, Finland, Ireland, Norway, the Baltic countries, The Netherlands, Poland, the Czech Republic, the United Kingdom and Russia. The Swedish entities acquired from Sonepar and the activities of Hagemeyer's ACE division (distribution outside of the electrical domain) in the Netherlands, Asia and Australia were also integreted in the Rexel Group.

In 2008, the total number of employees of the Rexel Group thus increased by 29.2%. Any historic comparison of the social indicators with the preceding years is therefore to be analyzed based on this information.

5.1.1 Number of employees and analysis of workforce

Total number of employees (number of persons registered at December 31, 2008)

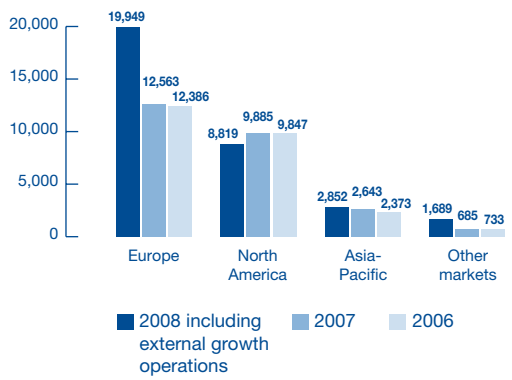
At December 31, 2008, the Rexel Group employed 33,309 persons, compared to 25,776 at December 31, 2007 and 25,339 at December 31, 2006.

The strong increase of the number of employees within the Rexel Group results principally from the acquisition of Hagemeyer, concluded by Rexel in March 2008.

The breakdown of employees by geographic zones as defined in paragraph 6.1.1 of this *Document de Référence* is as follows:

Number of employees	Registered employees (Number of persons) at December 31		
	2008 including external growth operations*	2007	2006
Total number of employees	33,309	25,776	25,339
By geographic zone			
Europe	19,949	12,563	12,386
North America	8,819	9,885	9,847
Asia-Pacific	2,852	2,643	2,373
Other Markets	1,689	685	733

* For 2008, the total number of registered employees including external growth operations will be considered as the total number of employees for all of the calculations.



Headcount by type of contract and by position

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

In 2008, the average monthly number of temporary workers in full-time equivalent was 1,042, *i.e.,* 3.1% of the average monthly total number of employees. This percentage, slightly down from 2007 (3.3%), illustrates the Rexel Group's intention to stabilize its employees' jobs.

At December 31, 2008, 32,231 persons had open-ended contracts and 1,073 had fixed-term contracts (3.2% of the number of employees).

Finally, the Rexel Group had, at December 31, 2008, 5,569 managers (defined as persons having at least one employee under their responsibility, or all employees with "executive" status for France), *i.e.,* 16.7% of the total number of employees. This rate was 15.4% in 2007 and 11.2% in 2006.

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

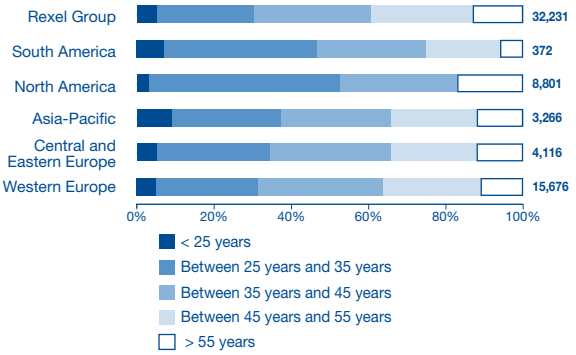
As of December 31, 2008, the average age of all of the employees of the Rexel Group was 39.3 years old, against 37.9 years old as at December 31, 2007.

The most represented age range is 35-45 years old (9,722 persons), after which comes the 45-55 year-old range (8,228 persons). Seniors (defined as the employees over 50 years old) represent 23.1% of the total number of employees that are registered under open-ended contracts, and employees under 25 years old represent 6.9%.

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

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

HEADCOUNT BY AGE RANGE (OPEN-ENDED CONTRACTS) AS AT DECEMBER 31, 2008



Headcount by gender

The Rexel Group is committed, especially pursuant to its Ethics Guide (see paragraph 5.1.10 of this *Document de Référence*), to ensuring equal treatment among employees (men or women) during each step of their professional career.

At December 31, 2008, women represented 24.2% of the total number of employees (*i.e.,* 8,050 female employees), compared to 23.1% in 2007.

Among the 8,050 female employees of the Rexel Group, 895 occupied managerial positions, representing 16.1% of all managers. This proportion has remained constant (16.3% in 2007).

Headcount by gender (open-ended contracts) as at December 31, 2008

	2008			
	Managers		Non-managers	
	Female	Male	Female	Male
Rexel Group	**895** (16.1%)*	**4,674** (83.9%)*	**7,155** (25.8%)**	**20,585** (74.2%)**
South America	4 (10.3%)*	35 (89.7%)*	59 (17.4%)**	280 (82.6%)**
North America	328 (21.4%)*	1,204 (78.6%)*	1,851 (25.4%)**	5,436 (74.6%)**
Asia-Pacific	121 (18.7%)*	526 (81.3%)*	1,186 (39.1%)**	1,851 (60.9%)**
Central and Eastern Europe	86 (13.7%)*	540 (86.3%)*	887 (24.1%)**	2,786 (75.9%)**
Western Europe	356 (13.1%)*	2,369 (86.9%)*	3,172 (23.7%)**	10,232 (76.3%)**

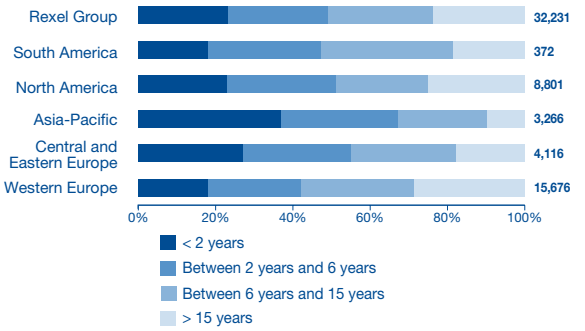
* In % of managers.
** In % of non-managers

Headcount by seniority

At December 31, 2008, median seniority of the Rexel Group's employees was 6 years.

The median seniority within the Rexel Group slightly decreased compared to 2007, where 51.2% of the employees have been within the enterprise for more than 6 years (in comparison with 50.5% in 2008).

HEADCOUNT BY SENIORITY (OPEN-ENDED CONTRACTS) AS AT DECEMBER 31, 2008



Substantial variations are noted, with respect to seniority, based on geographic zones: the renewal of employees is much more rapid in the Asia-Pacific region (only 31.7% of the employees of the Rexel Group have more than 6 years of seniority in this zone) whereas in Western Europe, employees with more than 15 years of seniority represent more than 1/4 of the total number of employees in this zone.

5.1.2 Recruitments

During 2008, the Rexel Group hired 5,684 employees, irrespective of their type of contract and status, compared to 5,080 employees in 2007.

The number of hires in 2008 compared to 2007 increased at a less important rate than the number of employees of the Rexel Group. This evolution results from the deterioration of the global economic environment observed in 2008.

The total number of hires represents 17.1% of the Rexel Group's total number of employees (compared to 20.2% in 2007).

Number and characteristics of recruitments

	2008
Number of recruitments	**5,684**
Including	
– Open-ended contracts	80.9% *i.e.,* 4,597 persons
– Fixed-term contracts	19.1% *i.e.,* 1,087 persons
– Managers	8.4% *i.e.,* 479 persons
– Non-managers	91.6% *i.e.,* 5,205 persons

Of these 5,684 new employees, 4,597 were hired with open-ended contracts (*i.e.,* 80.9% of recruitments). Employees having joined the Rexel Group in 2008 hold, for the major part, non-managerial positions: 91.6% of recruitments (*i.e.,* 5,205 persons).

Of all recruitments, irrespective of type of contract, gender or position:

– 11.3% of the hires were young graduate employees just out of school;

– 7.6% of the hires were senior employees;

– 0.2% of the hires were employees having reporting a handicap.

Finally, the Rexel Group set up a new indicator based on the average time necessary to fill a vacant position: such average time was 35.4 days in 2008.

5.1.3 Turnover of employees

The turnover rates of employees (open-ended contracts) at December 31, 2008

The turnover rates include:

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

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

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

In 2008, the entry rate within the Rexel Group was 14.3%.

The departure rate of the employees of the Rexel Group was 21.8%.

The positive difference between the departure rate and the entry rate is mainly due to the deterioration of the economic environment which resulted in the slowdown of hiring, to the reorganizations carried out following the integration of Hagemeyer and to the deterioration of the employment market.

Thus, for 2008, the Rexel Group's turnover was 17.4%.

Rexel Group turnover at December 31, 2008

	2007	2008
Rexel Group Turnover	19.6%*	17.4%

* The 20.6% figure was published in 2007. 19.6% was the turnover of the Rexel Group for 2007 recalculated according to the above definition.

The decrease in the global turnover rate of the Rexel Group mainly results from the decrease in the number of recruitments during 2008.

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

Departures of employees (with open-ended contracts)

During the financial year 2008, 7,021 employees with open-ended contracts left the Rexel Group (compared to 5,075 in 2007).

The reasons for the departures are set out below.

Reasons for departures of employees (with open-ended contracts) in 2008

	2008	
	Number	Percentage
Number of departures	**7,021**	**21.6% of total number of employees (with open-ended contracts)**
Including:		
– Resignations	3,823	54.5% of departures
– Redundancies (Economic layoffs)	1,568	22.3% of departures
– Layoffs for other reasons	746	10.6% of departures
– Departures by retirement or pre-retirement	317	4.5% of departures
– Other reasons	567	8.1% of departures

Rate of stability and rate of integration

The rate of integration of new hires (defined as the number of employees newly hired who are still with the Group three months after their recruitment) remained stable during the last three years and was 85.5% in 2008, 87.7% in 2007 and 84.6% in 2006.

The medium term rate of integration (defined as the number of employees newly hired who are still with the Group one year after their recruitment) improved and increased from 63.3% in 2007 to 70.4% in 2008.

This growth demonstrates the effectiveness of the different measures taken in different countries to help increase the integration and development of newly hired employees: integration sessions, specific training programs, optimization of recruiting criteria, tutorials and training, guidebook for new hires, development of career and travel opportunities, etc.

Collective Procedures

In 2008, the number of redundancies within the Rexel Group involved 1,568 employees compared to 402 in 2007.

In 2008, the majority of economic layoffs mainly resulted from the deterioration of the economic environment (more particularly during the fourth quarter of the year) as well as the reorganizations which followed the integration of Hagemeyer within the Rexel Group.

The major reorganizations which resulted in redundancies involved especially the following zones: United States, United Kingdom, Spain and Central and Eastern Europe.

These collective procedures were carried out pursuant to the applicable legal provisions. In addition, and to the extent possible, redundancy plans were implemented with employee representatives allowing those employees implicated in the plans to have access to support measures, in particular outplacement, financial compensation, assistance in creating businesses, training.

5.1.4 Organization and management of working hours

Length and allocation of working hours

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

On average in the Rexel Group, employees work 39.3 hours per week, *i.e.,* slightly fewer than 8 hours per day.

Use of part-timers

	2006	2007	2008
% of part-time employees	3.6%	3.1%	3.8%

The number of persons employed on a part-time basis with the Rexel Group was 1,264 at December 31, 2008, *i.e.,* 3.8% of the total number of employees.

Of these 1,264 part-time employees, the proportion of women is the substantial majority: there were 931 women at December 31, 2008, representing 73.7% of the employees having part-time positions within the Rexel Group (compared to 65.0% in 2007).

Slightly more than 98% of the women working part-time within the Rexel Group hold non-managerial positions.

Overtime

In its management of its employees' working hours, the Rexel Group makes little use of overtime: nearly 2 million overtime hours were worked during 2008 by all of the employees of the Rexel Group, *i.e.,* 3.0% of the annual number of hours worked.

Absenteeism

	2006	2007	2008
Absenteeism rate	2.5%	2.7%	2.6%

The average absenteeism rate of the Rexel Group was 2.6% in 2008, a rate comparable to the rates of the preceding years.

The 2008 absenteeism rate is structurally variable depending on geographic zones: high in Europe and South America (more than 3%) and smaller in Asia-Pacific and North America (approximately 1%).

The Rexel Group implements specific measures to reduce the absenteeism. These actions include in particular a specific monitoring by dedicated human resources managers, consultation, the indexing of bonuses to employee presence, adaptation of work stations and ergonomic optimizations, and vaccination campaigns.

5.1.5 Compensation and benefits

The policy for compensation is based on the business's performance and income. The levels of compensation are set for each country in order to satisfy two requirements: competitiveness of proposed compensation and internal equality. The percentage of employees eligible for individual variable compensation represents nearly 2/3 of the total headcount of the Rexel Group. The primary positions covered are sales positions and employees with supervisory responsibilities.

Finally, almost 40% of the employees of the Rexel Group are eligible for an incentive plan based on collective income.

Employees shareholding

Simultaneously with Rexel's initial public offering in April 2007, the Rexel Group's employees had the opportunity to purchase shares in the company in the scope of a transaction reserved for them in France and 20 other countries. In order to allow employees to subscribe to new shares within the context of a capital increase reserved for them, Rexel implemented a Group Savings Plan *(Plan d'Epargne Groupe)* ("PEG") open to the Rexel Group's French entities and an International Group Savings Plan *(Plan d'Epargne Groupe International)* ("PEGI"), open to the relevant foreign subsidiaries. Among 24,373 eligible employees, 4,468 subscribed to the plan, *i.e.,* an overall rate of 18.33% which was deemed to be a satisfactory rate given the very short implementation timeframe and the confidentiality constraints affecting the initial public offering. In five countries (United States, France, Ireland, Hungary and Chile), the subscription rate exceeded 20%. Two thirds of the employees subscribed during the 2007 plan to leveraged formulas whereas one third preferred "ordinary" formulas.

In 2008, Rexel decided to set up a second employee shareholding plan accessible to over 95% of its employees in 24 countries, entitled *Opportunity08*. However, given the strong volatility in financial markets, Rexel believed that conditions were not conducive to the implementation of the capital increase reserved for employees and decided to put the launch of the program on hold.

Benefits

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

In slightly more than half of the countries in which the Rexel Group operates, health and retirement insurance agreements are offered to employees in addition to mandatory coverage provided by law. Subscribing to these complementary plans is voluntary or obligatory depending on the country, and in most cases concerns all of the employees.

Moreover, some benefits are granted in addition to mandatory benefits. They are either negotiated as part of collective agreements or granted unilaterally and concern in particular housing allowance, meal tickets, participation in child care, legal assistance services.

Based on the analysis of the social indicators for 2008 which integrate the retained activities of Hagemeyer and the activities of the Rexel Group, a review will be carried out in 2009 with respect to the differences in the benefits by country as well as with respect to possible corrections in the countries in which the levels of benefits provided to employees do not conform with the requirements of a group operating on an international level.

5.1.6 Labor relations

Employee representation

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

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

Employee representation at the Rexel Group is such that:

- Over half of the entities have at least one employee representative in the broadest sense of the term and excluding Committees on Health, Safety and Work Conditions (CHSCT);
- 60% of the Rexel Group's entities have a committee on health, safety and work conditions;
- A works council represents the employees in about 30% of the entities of the Rexel Group;
- 1,261 employees are involved with representative bodies, which represents 3.8% of the Rexel Group's total headcount with an open-ended contract;
- 258 employees have been appointed as representatives to a trade union, which represents about 1% of the Rexel Group's total workforce.

European works council

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

In accordance with its mission, the European works council has been informed of the Hagemeyer acquisition and integration process and its declination within certain countries in 2008 (The Netherlands, Poland, Spain). To

account for the Rexel Group's new European scope, an amendment was signed on June 6, 2008 integrating five countries in which the Rexel Group had not been present until this acquisition (Estonia, Finland, Latvia, Lithuania, Norway). As a result, the number of countries represented at the European Works Council was brought to 22. Other topics were introduced and discussed including an action plan to the benefit of "senior" employees, labor and environmental reporting procedures and the setting up and later suspension of *Opportunity08*.

Collective bargaining agreements

The number of agreements entered into between employee representatives and the Rexel Group is increasing: 76 agreements were negotiated in 2008.

These agreements were entered into in the following countries: Australia, Belgium, Canada, Spain, Finland, France, Latvia, Norway, Austria and Portugal. Among other things, the collective bargaining agreements concern: incentives, overtime hours, the *Gestion Prévisionnelle des Emplois et Compétences* (GPEC), profit sharing, organization and flexible working hours.

	2006	2007	2008
Number of agreements signed	19	36	76

Profit-sharing agreements

A profit-sharing agreement has been negotiated within Rexel France S.A.S. in 2007. Upon the request of 2 trade unions, the profit-sharing agreement was submitted to the approval of the employees of Rexel France S.A.S. and was adopted by 80.34% of these employees. The calculation method set forth in this profit-sharing agreement is identical to the one provided by the French Labor Code.

Incentive agreements in France

An incentive agreement at the level of Rexel France S.A.S. was entered into in June 2007. The sharing of profits is based on the redistribution of part of the difference between the annual budget and the actual annual EBITA. In 2008, an amendment to this incentive agreement aiming at improving budgeted target achievement and determining a minimum incentive amount payment for each member of staff was entered into.

Within Rexel Développement, a three-year incentive agreement (2006, 2007 and 2008) entered into on June 29, 2006, provides for a sharing of profits based on the three following criteria calculated at the Rexel Group level: evolutions of sales, variation in the gross operating margin and the working capital requirements.

Within Conectis, a three-year incentive agreement (2006, 2007 and 2008) entered into on June 28, 2006, provides for a sharing of profits based on the company's operating results before tax and the company's sales.

Within Dismo, a three-year incentive agreement for years 2008, 2009 and 2010 was entered into on June 6, 2008. For the financial year 2008, this agreement is based on the variation of the income before tax expressed as a percentage of the company's sales. For the financial years 2009 and 2010, this agreement is based on the variation of the income before tax, expressed as a percentage of the company's sales, and the operating expenses, expressed as a percentage of sales.

Lastly, Appro 5, a subsidiary of Rexel France S.A.S., has a three-year incentive agreement which ended in 2008, signed individually by each member of staff. This agreement is based on the portion of the net profit exceeding a shareholders' equity remuneration at a rate equal to the inflation rate of the year (retail price INSEE index) plus 2%.

Industrial actions

In 2008, the total number of strike hours was 1,823; the countries concerned were France (1,820 strike hours over two working days) and Finland (3 hours).

In France, two strikes took place over the course of the year 2008. The first strike took place in March and was associated with a national strike during the Obligatory Annual Negotiation (NAO). The second strike took place in December during the drafting of a Plan to Safeguard Employment (PSE) at the level of Rexel France.

5.1.7 Health and safety

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

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

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

	2006	2007	2008
Number of accidents resulting in death	1	0	1
Number of accidents resulting in medical leave	390	440	630
Number of accidents not resulting in medical leave	384	383	524

In 2008, the total number of accidents at the Rexel Group was 1,155, or an increase of 332 compared to 2007.

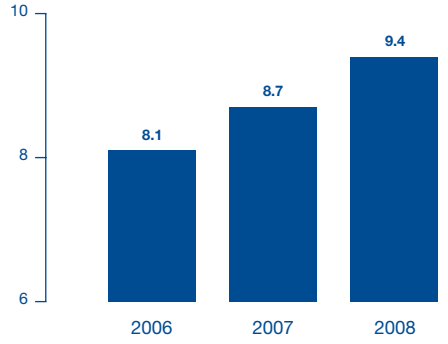
The number of working days lost as a result of workplace accidents was 14,253 in 2008 (*i.e.,* 107,475 hours).

Commuting accidents were the origin of the only accident which resulted in death in 2008, of 11.7% of accidents which resulted in medical leave, and of 4.4% of accidents which did not result in medical leave.

With respect to health and safety conditions, the majority of countries have implemented preventative and/or corrective actions:

- Almost all entities have performed a risk mapping. The most common risks which were identified were the risks relating to road traffic, falls, handling, handling of cables, and computer work;
- The annual medical visit for employees is being standardized; and
- The setting up of sessions regarding employees awareness and training to risks (see below).

Frequency rate

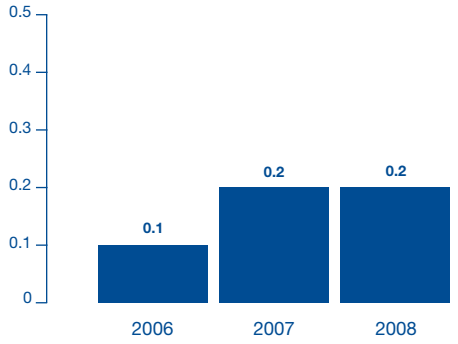


The frequency rate of working accidents within the Rexel Group, calculated as the number of working accidents which resulted in a medical leave per million working hours, was 9.4 in 2008.

This rate highly increased mainly as a result of the increase in the number of accidents which resulted in a medical leave but also as a result of the differences between the frequency rates of the Hagemeyer's retained entities and the historical entities of the Rexel Group.

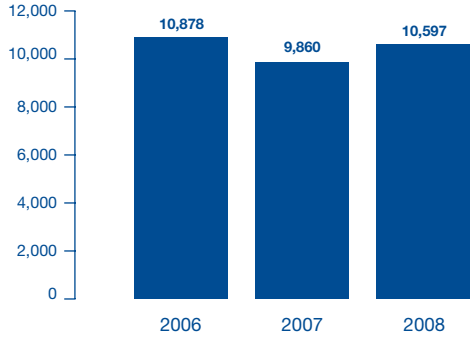
In 2008, the majority of employees that were involved in workplace accidents belonged to the logistics department.

Severity rate



The severity rate of workplace accidents within the Rexel Group, defined as the number of working days lost as a result of a temporary work incapacity, was of 0.2 for 1,000 working hours in 2008.

Number of employees trained in safety (headcount)



	2006	2007	2008
Number of training hours	10,096	14,528	27,561

The number of persons trained in safety remained stable: 10,597 persons in 2008 (31.8% of the total headcount), while the number of training hours increased sharply (27,561 hours compared to 14,528 hours in 2007) illustrating the increasing importance placed on these awareness programs.

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

In 2008, there were 54 Hygiene, Safety and Working conditions Committees (CHSCT) within the Rexel Group (with 60% of Rexel's entities having at least one). 353 employees were involved, representing just over 1.1% of the total workforce.

Workplace health and safety will be one of the themes monitored by the Rexel Group's Human Resources Direction in 2009. An analysis will be carried out at the European level in order to standardize best practices with the aim of reducing risks and accidents in the business activity of Rexel Group employees.

This will especially involve exchanges with the members of the European Works Council.

5.1.8 Training and skills management

In 2008, the overall number of people trained was 14,449 compared to 13,883 in 2007. The number of training hours increased from 155,215 to 257,777 at December 31, 2008.

In proportion with the increase of the total headcount, the number of employees trained in 2008 decreased. However, the number of training hours has greatly increased.

The average number of training hours per employee trained in 2008 amounted to 17.8 hours (compared to 11.2 hours in 2007), illustrating the Rexel Group's will to improve the quality of training sessions.

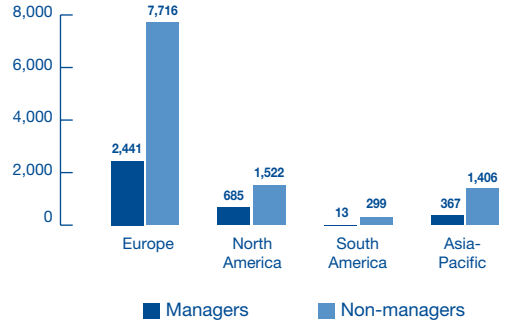
Total number of training hours and training expenses

	2008	
	Total number of training hours	Overall training expenses (in thousands of euros)
Western Europe	156,976	9,164
Central and Eastern Europe	44,172	1,295
North America	20,246.4	2,476
South America	6,533	31
Asia-Pacific	29,850	534

The Rexel Group's overall training expenses for 2008 amounted to €13.5 million.

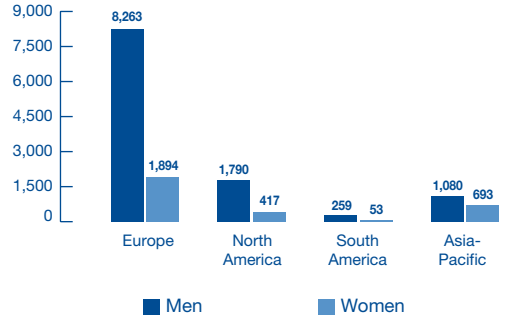
Training primarily covered sales and product knowledge (in fields such as customer presentations, customer satisfaction, products, proactive sales and commercial negotiation). It also covered the development of managerial skills (in particular situational leadership, strategic planning, motivation and management) as well as administrative and functional skills (such as languages, finance, logistics and IT).

Training by position (headcount)



In 2008, 24.3% out of the 14,449 people trained were managers and 75.7% were non-managerial employees.

Training by gender (headcount)



In 2008, 21.2% out of the 14,449 people trained were women and 78.8% were men.

Performance assessment and skills development

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

Managers, who were especially involved with this process, tested the entry and management of their evaluations in the SuccessFactors career management software. This tool will be expanded in 2009 to include other categories of employees.

In 2008, almost every country organized an annual session of formalized individual performance evaluations.

	2006*	2007	2008**
Number of employees having received a performance assessment	11,198	17,563	18,105
% of employees assessed as compared to eligible employees	74.1%	81.1%	65.2%
% of employees assessed as compared to total workforce	44.1%	67.8%	55.2%

* Outside of France.
** Within 93.3% of the total perimeter of the Rexel Group.

The development of this practice, in particular within the new acquired entities, will be specifically monitored.

Promotions

In 2008, 1,900 employees with open-ended contracts had been promoted to a higher position, *i.e.,* approximately 5.7% of the total number of employees of the Rexel Group.

Amongst these 1,900 employees, 29.4% were managers and 70.6% were non-managers.

5.1.9 Diversity / Equal opportunities

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

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

Male-female equality

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

At December 31, 2008, women represented 24.2% of the total headcount compared to 23.1% in 2007. This modest progression in non-discrimination efforts still faces the

reality of the market and the low level of female employees in the specialized distribution sector.

However, 2008 labor indicators show equality between men and women within the Rexel Group:

– ***Promotion***

  In 2008, 5.0% of female employees were promoted. The promotion rate of male employees was comparable (5.9%).

  73 non-manager female employees were promoted to manager (*i.e.,* 0.9% of non-manager female employees) compared to 280 non-manager male employees (*i.e.,* 1.1% of non-manager male employees).

– ***Salary increases***

  72.8% of male Rexel Group employees had their base salary increased in 2008. 73.4% of female Rexel Group employees received a salary increase.

– ***Training***

  In 2008, 21.2% of employees receiving training were female whereas they represent 24.2% of the total workforce, and 78.8% were male whereas they represent 75.8% of the total workforce of the Rexel Group.

Although there is still room for improvement on this point, gender equality is being globally respected with regard to training.

Handicapped employees

In 2008, the Rexel Group employed 193 people reporting a handicap, or about 0.6% of its total headcount.

Handicapped employees accounted for 0.2% of total hires at December 31, 2008.

Senior employees

Within Rexel Group's "senior" employees (as defined in paragraph 5.1.1 of this *Document de Référence*):

– represented 23.1% of the total headcount with open-ended contracts in 2008;

– represented 7.6% of new hires in 2008;

– had, in 2008, their base salary increased for 71.6% of them, compared to an average for the Rexel Group of 74.3%.

Due to the extension of average career duration and to the aging of the active population, the Rexel Group has decided to more specifically focus on the senior population in 2009.

5.1.10 Rexel's ethical commitment

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

This initiative has resulted in the creation of an Ethics Guide which was distributed to all Rexel Group employees. This Guide is applicable in every country in which the Rexel Group operates. It concerns every employee and was created so as to become a reference for everyone in the Rexel Group in the context of potentially delicate professional situations by clearly establishing shared customs.

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

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

The chart below sets out the requests received by the ethics correspondents in 2008 according to type, author, subject and geographic area where these questions were asked.

		Number of requests made to the ethics correspondents
Type of request	Information	8
	Complaint	4
	Litigation	–
	Others	3
Author of the request	Customers	1
	Rexel employees	13
	Suppliers	–
	Local authorities	–
	Employee representatives, unions	–
	Anonymous	1
	Others	–
Subject matter of the request	Relationships with customers	–
	Relationships with suppliers	2
	Relationships between employees	7
	Working conditions	2
	Fight against corruption	2
	Fight against fraud and theft	2
	Environmental protection	–
Actions taken	Preventative	6
	Corrective	8
Geographic area	Western Europe	5
	Northern and Eastern Europe	7
	North America	3
	South America	–
	Asia-Pacific	–
	Others	–

Fifteen ethics cases were thus brought to the attention of a Rexel Group ethics correspondent in 2008: the majority were identified in Europe and North America, and almost half concerned relationships between Rexel Group employees.

All cases were processed, verified (by audits or investigations undertaken by Management in the country in question) and treated with preventative actions (6) or corrective actions (8) depending on the situation (1 case is still being processed).

Finally, about 20% of the cases (3) resulted in disciplinary penalties for Rexel Group employees.

In 2009, the General Managers concerned will name ethics correspondents in each of the countries new to the Rexel Group and all employees having joined the Rexel Group in 2008 will receive the Ethics Guide.

5.2 REXEL'S RELATIONS WITH CIVIL SOCIETY

5.2.1 The Rexel Group's social challenges as a distributor of electrical equipment and solutions

Through its activity of distributor, the Rexel Group promotes the sale of (i) products that contribute to the control and/or reduction of energy consumption (relating in particular to lighting and the automation of buildings) and (ii) solutions that use renewable energy sources (solar, wind and heat pumps). The Rexel Group is a player in the reduction of energy consumption and therefore, in so doing, of environmental impacts related to energy challenges.

This voluntary approach is based on a number of actions implemented in the various subsidiaries of the Group, such as:

– training of sales forces in respect of technical specifications and environmental impact of products;

– promotion days at branches or at exhibitions dedicated to products contributing to energy savings or using renewable energy;

– specific offers (catalogues, dedicated spaces in branches, specialized vendors, etc.);

– developing an advisory activity with respect to the control of energy consumption in certain countries. As an example, the Rexel Group has developed, in the U.S., expertise in the field of low-energy consumption solutions; in 2008, the advice provided to two of its customers (an operator of casino hotel and a supermarket network) allowed such customers to significantly reduce their annual electricity consumption (by 65% and 35%, respectively).

The table below shows the impact of the actions referred to above on the sales of lighting sources.

Breakdown of units sold by type of lighting sources

	2006	2007	2008
Filament lighting sources	49%	48%	47.5%
Low-consumption sources	51%	52%	52.5%

5.2.2 Impact on regional development

Thanks to its local presence (a network of over 2,400 branches in 34 countries), the Group contributes to the development and economic activity in regions where it operates, including:

– by contributing to the direct activity of its professional clients,

– by contributing to the economy of regions and countries where it is established through direct and indirect taxes,

– by employing almost entirely local labor (the Rexel Group employs approximately 33,000 employees in total).

5.2.3 Charity and patronage

Societal projects primarily focus on the economic and charity issues of importance to and in partnership with local partners; the charity policy of the Rexel Group is based on a strong tradition of the autonomy of each country. Thus, the Rexel Group encourages its entities to develop their networks and local social contacts.

The following are examples of local patronage and charity initiatives:

– *Solidarity project in China:* in the aftermath of the earthquake in the Sichuan province, the Rexel Group supported the local population by raising funds from its employees with help from the head office and the Asia-Pacific region.

  Each employee donation was matched 1 yuan for 1 yuan by Rexel China, 1 yuan for 2 yuans by Rexel Asia-Pacific and 1 yuan for 4 yuans by the Rexel Group. The total amount collected (€30,000) was donated to the Red Cross in order to help the victims and their families.

– *Educational partnership in France:* Rexel France is a partner of the IUT in Nîmes not only by providing electrical material to the educational institution, but also in true scholastic collaboration with the goal of developing a reference training center.

– *Tutoring of students from disadvantaged areas of France:* the Rexel Group financed, in 2008, 5 tutorials for students raised by the *Institut Télémaque*. Each of these students is supported and monitored, from middle school to the end of high school, by two tutors: a “scholar tutor” (from the student’s school) and a “business tutor” (a Rexel employee). The goal of this double tutor system is to give these children every chance to succeed, to the extent that they each deserve it.

For 2008, the total amount of Rexel Group donations was €264,000. These donations were mainly made to support medical research, charitable organizations for the underprivileged (children in difficulty, the handicapped, victims of natural disasters, etc.) or educational programs or sporting events in which employees sometimes participate.

5.3 ENVIRONMENTAL INFORMATION

In the scope of its sustainable development policy, the Rexel Group has performed environmental reporting for several years, in order to:

– comply with external reporting requirements, in particular the obligations pursuant to the 2001 French law known as the “NRE” law *(Nouvelles Régulations Economiques)* and reply to the requests of stakeholders (customers, investors, ratings agencies, etc.);

– facilitate the sharing of information and the implementation of best practices at the Rexel Group; and

– feed the dashboard of the Department of Sustainable Development, in order to steer the implementation of this approach.

Scope of reporting – Changes in scope of consolidation

The scope of reporting includes all of the consolidated subsidiaries for which Rexel manages operations, with the exception of the activities which are not directly linked with the distribution of electrical products, which account for approximately 3% of Rexel's 2008 sales.

Changes in the scope of reporting are directly linked to the development of the activities of the Rexel Group and in particular the acquisition of the activities of Hagemeyer.

The scope of consolidation of the Rexel Group increased by one third (sales: +33%, headcount: +25%, number of branches: +32%), which is also reflected in a significant increase in environmental impacts, detailed below (including the volume of consumption, waste and associated emissions of CO_2).

As Hagemeyer does not have any consolidated reporting on all of this information, a pro forma historical comparison was not possible for 2008.

Reporting methodology

In order to improve the process of environmental reporting, the Rexel Group implemented a new IT application in 2008, which includes:

– a specific data contribution and validation process for each country;

– consistency tests and verifications in relation to the data entered are carried out in order to check the integrity of the information and ensure the reliability of the information technology system.

All employees involved in the environmental reporting process have been trained on this software and have received the Group's environmental reporting charter which contains:

– procedures relative to information collection and feedback;

– the indicators used, so as to ensure correct and homogeneous understanding by all contributors; and

– the calculation formulas used for the calculation of the indicators (such as CO_2 emissions).

The methodology relating to certain indicators may have limited relevance due to, *inter alia,* the practical collection methods of the information, that may in some cases require estimates or extrapolations.

The Rexel Group's environmental impact

The table below provides an overview of the main environmental impacts of the Rexel Group, which are detailed below.

	Water	Energy	Waste	Air	Land	H & S
Real estate	Not significant	Commercial-type consumption	Not significant	Not significant	Not significant	Not significant
Logistics	Not significant	Transport	Packaging	Transport	Fuel storage	Handling Transport
Branch	Not significant	Commercial-type consumption	Packaging Publishing	Heating	Not significant	Handling
Customer sales	Not significant	Transport	Packaging	Transport	Not significant	Not significant
Use of products sold	Not significant	Energy savings	Management of products at life-end	Not significant	Not significant	Compliance with product standards

5.3.1 Water consumption

Water at Rexel is primarily consumed in commercial and administrative buildings through the use of systems such as air conditioning, toilets and kitchens, as well as during obligatory clearance of fire protection systems.

Total water consumption for the Rexel Group was of approximately 642,500 m^3 in 2008, remaining stable compared to 2007 on a constant basis.

5.3.2 Consumption of raw materials, energy and fuel

Consumption of raw materials, energy and fuel is a major environmental challenge for the Rexel Group. In the current context of climate change, the optimization of consumption implemented by the Rexel Group limits CO_2 emissions resulting from this consumption while improving cost control.

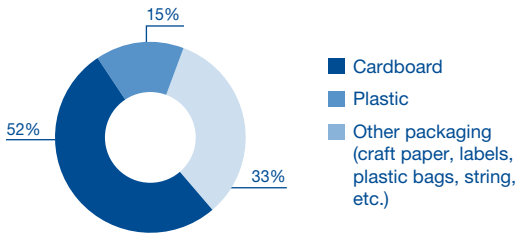
5.3.2.1 Consumption of raw materials

The consumption of raw materials by the Rexel Group derives primarily from the packaging used in the handling of orders and deliveries to customers as well as the paper consumed in the creation of commercial publications.

Packaging

The total amount of packaging (cardboard, plastic and other packaging) consumed by Rexel in 2008 was approximately 4,600 tons, broken down as follows:

DISTRIBUTION BY TYPE OF PACKAGING (CARDBOARD, PLASTIC AND OTHER PACKAGING) IN 2008



A significant amount of packaging is re-used in the Rexel Group: many countries have implemented a process for the re-use of wooden pallets (including the return of pallets to suppliers), cardboard and plastic boxes used for the delivery of small products (these boxes are returned to the logistics centers by the branches).

Total cardboard and plastic consumption for the Rexel Group have decreased by approximately 40% and 30% respectively, between 2007 and 2008, on a constant basis.

Paper consumption

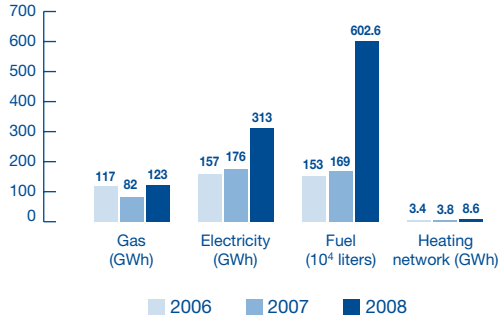
The Rexel Group's total consumption of paper amounted to approximately 2,700 tons in 2008.

5.3.2.2 Energy consumption

Energy consumption of the Rexel Group

The graphs below show the energy consumption of the Rexel Group; on a constant basis, energy consumption remained stable between 2007 and 2008.

Energy (raw data)



The highly significant increase in the fuel consumption between 2007 and 2008 directly results from the change in the measurement perimeter (integration of the sites of Hagemeyer and of the sites that have not reported their consumption in 2007).

Rexel Group's renewable energy consumption amounted to 20 MWh in 2008.

Measures taken to improve energy efficiency

Improving energy efficiency is automatically taken into account during site renovations, in particular through:

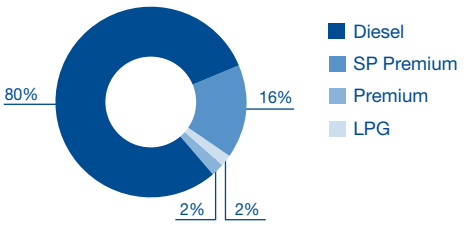
- the set-up of motion detectors, especially in restrooms;
- the replacement of incandescent light bulbs by energy saving lamps (low-consumption or LED) as well as the replacement of classic fluorescent tubes with high-efficiency fluorescent tubes.

5.3.2.3 Fuel consumption

Fuel consumption (excluding subcontracting)

The fuel consumption of the vehicle fleet of the Rexel Group (excluding subcontractors) in 2008 amounted to approximately 24 million litres.

BREAKDOWN OF FUEL CONSUMPTION BY TYPE IN 2008 (DIESEL, SP PREMIUM, PREMIUM GAS, LPG)



Transportation optimization

In the context of the Rexel Group's transportation optimization policy, in each of the countries where it operates, the Rexel Group takes measures to optimize its logistics, both directly and in partnership with sub-contractors, in order to reduce the number of kilometres driven, while at the same time meeting the service expectations of customers. This reduces fuel consumption and related CO_2 emissions as well as wear and tear on vehicles. These optimization processes are regularly monitored (verification and follow-up measures).

5.3.3 The ecosystem

The Rexel Group's sites are generally located in industrial or urban zones and do not have a particular impact on the biological equilibrium of the surrounding areas.

5.3.4 Waste management

In the scope of its environmental policy, Rexel seeks to reduce the quantity of waste generated by its activities and encourages recycling. Thus, especially as concerns Rexel's

Sustainable Development Charter, and beyond its legal obligations, the Rexel Group encourages all of its branches to:

- implement a sorting process in order to allow recycling, and
- contribute, particularly in the scope of local regulations, to the collection and valuation of certain specific waste.

5.3.4.1 Total quantity of waste

The total volume of waste generated by the Rexel Group was close to 235,500 tons in 2008, all materials combined (excluding tubes and bulbs).

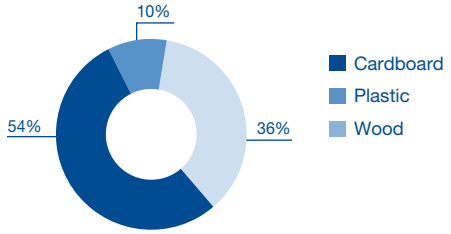
5.3.4.2 Collection and recovery of waste

Recovery of ordinary waste

Nearly three quarters of the branches of the Rexel Group use a sorting process of ordinary waste (including cardboard, plastic and wood) for recycling or re-use; the total volume of waste recycled by Rexel, all materials combined (excluding tubes and bulbs), exceeded 18,800 tons in 2008.

On a constant basis, the volumes of recycled cardboard increased by 8% between 2007 and 2008 and the volumes of recycled plastic have doubled.

BREAKDOWN BY TYPE OF RECYCLING IN 2008 (CARDBOARD, PLASTIC, WOOD)



Specific waste

In most European countries, the implementation of European regulations in relation to Waste from Electrical and Electronic Equipment (WEEE) has caused the Rexel Group to collect the WEEE for recycling. Over 87% of branches in Europe have established a process for the management and recovery of WEEE; throughout the Rexel Group, half of the branches established a process of management and recovery of WEEE.

In 2008, the Rexel Group contributed to the recycling of:

- over 6.5 million fluorescent tubes (compared to 1.2 million in 2007),
- more than 421,000 light bulbs,
- approximately 435 tons of cables.

Hazardous substances

The Rexel Group's business activities do not produce hazardous waste. However, a pyralene / PCB transformer was identified in the United Kingdom. This transformer is equipped with a retention tank and its withdrawal has been scheduled for 2009.

5.3.5 Pollution and emissions

5.3.5.1 Conditions of land use

Not applicable.

5.3.5.2 Water, ground and air emissions

Water and ground emissions

The activities of the Rexel Group do not involve emissions that could cause pollution to the water or the ground.

Nevertheless:

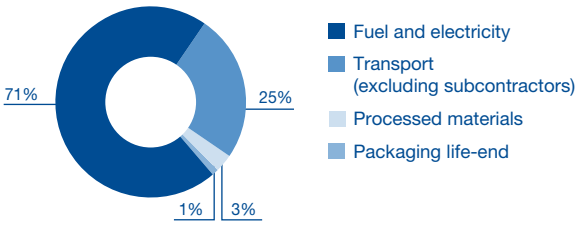
- 54 entities have one or several site(s) fuel storage (UK: 14, Slovakia: 12, Germany: 11, Canada: 6; Poland: 3, Finland: 2, Czech Republic, Estonia, Norway, Sweden, Portugal and Belgium: 1); in general, these fuel storage sites are subject to regular checks for leakage;
- 5 entities are equipped with a mechanics workshop for the maintenance of their vehicles.

Air pollution

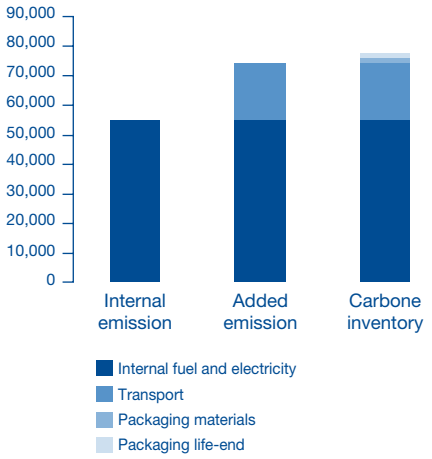
CO_2 emissions are the main impact of the Rexel Group's business activities in terms of air pollution. These emissions are mainly related to (i) consumption (energy, fuel), (ii) packaging life-end, and (iii) generated waste. No emission of any greenhouse gas creates a toxicity that would necessitate any dedicated treatment.

The estimate of CO_2 emissions shown in the following chart (close to 76,500 tons of carbon equivalent), was carried out using the ADEME *(Agence française de l'Environnement et de la Maîtrise de l'Energie)* Carbon Footprint Method. The margin of error for this method is about 11%.

CARBON INVENTORY BY EMISSION SOURCE IN 2008 (IN TONS OF CARBON EQUIVALENT)



EMISSIONS PER ITEM ON THE BASIS OF THE PERIMETER (IN TONS OF CARBON EQUIVALENT)



5.3.5.3 Noise and olfactory pollution

The Rexel Group's activities do not generate any olfactory pollution.

Regarding the noise, most sites of the Rexel Group (offices and warehouses) are located in industrial areas and therefore do not create nuisance for the residential neighbourhood.

5.3.5.4 Impacts of final products on the environment

In many countries, the Rexel Group has implemented a process for the recovery of certain products and thus contributes to reducing the environmental impact of such products (see paragraph 5.3.4.2 above).

5.3.6 Assessment and conformity process

The main regulations likely to have an impact on the Rexel Group's activities are set out in chapter 5 of this *Document de Référence*:

- European directive 2002/96/CE of January 27, 2003 concerning the management of Electric and Electronic Equipment Waste (the "WEEE" directive);
- European directive 2002/95/CE of January 27, 2003 called the "RoHS" directive (Restriction of Hazardous Substances) which restricts the use of certain substances in electric and electronic equipment;
- European regulation 1907/2006 of December 18, 2006, known as REACH (Registration, Evaluation Authorization and Restriction of Chemicals) with the objective of restricting the use of certain substances in the European Union in order to protect the environment and health. This regulation especially requires that end-users of products be provided with adequate safety information.

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

- A number of the Rexel Group's facilities (in particular, logistical centers) are subject to local legislation concerning classified installations for environmental protection (*Installations Classées pour la Protection de l'Environnement* (ICPE)). In this regard, these sites may be subject to a declaration or authorization for operation from the administrative authorities based on the relevant business activity, on its size and level of danger or inconveniencies that it presents. If applicable, the renewals of these declarations or administrative authorizations are subject to a strict follow-up locally.
- The Rexel Group entities may be subject to local restrictive regulations concerning asbestos, health and safety and the handling of waste or hazardous materials. Materials containing asbestos have been identified in certain buildings. An action plan has been implemented so as to conform with applicable laws and regulations. As a vast majority of the premises occupied by the Group are leased, Rexel seeks to be granted by the owner (who, subject to any particular clause of the leases, is liable for any presence of asbestos in the buildings) any warranty and/or study for declaration of conformity and/or compliance.

5.3.7 Organization and training in environment management

Existence of internal services and environment management

The type of organization chosen for the implementation of the environmental policy is suitable for Rexel's business activity, *i.e.,* the distribution of non-toxic and non-hazardous products. Rexel aims at integrating environmental aspects into its daily activities.

At Group level, the Sustainable Development Management, which is part of the Finance Department, rolls out the operational strategy determined and approved by the Executive Committee in connection with a network of correspondents in each country. The Rexel Group's three environmental strategy objectives are:

- distribute shared knowledge of sustainable development among all employees and ensure compliance with internal rules and legal obligations;
- survey the concrete actions taken by Rexel in this field and promote new initiatives; and
- promote this approach and its strategic relevance, both in terms of sustainable growth and of competitive advantage.

At the Rexel Group, the risk management linked to the environment is based on methods, tools and procedures aiming at identifying, quantifying and reducing significant

risks. The Rexel Group takes internal actions in order to strengthen the risk culture through the sharing of information and awareness on the one hand, and strengthening the particular visibility of certain emerging risks on the other hand.

Training and informing employees on the environment

During 2008, nearly one third of Rexel's employees received training in hygiene, health and environment.

Internal publications of the Rexel Group regularly include sections relating to sustainable development.

Furthermore, Rexel's Sustainable Development Charter, translated into eight languages, sets 10 simple actions to be taken by the sites (mostly branches but also logistical centers and administrative headquarters) in the relevant countries. It comes along with the Rexel Sustainable Development Guide, an educational tool allowing site managers to take the recommended steps. Their implementation is reviewed on a yearly basis as an indicator for measuring progress.

The average number of actions taken per branch in 2008, on a constant basis compared to 2007 (*i.e.,* excluding companies acquired in 2008 and, *inter alia* the Hagemeyer entities) is set out in the following table:

Country	Average number of actions of the Charter implemented
Europe	**6.8**
France	6.6
United Kingdom	8.3
North America	**7.4**
United States	5.7
Canada	9.4
Asia-Pacific	**4.0**
Australia	4.2

5.3.8 Environmental risk management and prevention

In its capacity as non-manufacturing distributor, the Rexel Group considers that its activities do not present a significant environmental risk. The environmental risks to which the Rexel Group may be exposed are relatively limited and well identified. The nature of the risks incurred by these activities is not specific to the Rexel Group and can be found in similar activities.

As at the registration date of this *Document de Référence,* the Rexel Group has no knowledge of environmental risks the nature of which would significantly affect its activities or its financial situation.

Environmental reporting allows for the mapping of the main environmental risks of the Rexel Group, in particular by identifying sites (i) subject to administrative authorization in relation to their activities and/or (ii) that are the subject of environmental audit or review.

Expenses incurred to prevent the consequences of the Rexel Group's activities on the environment

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

Methods for reducing environment risks

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

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

Not applicable.

Amount of provisions and guarantees for risks

As at the registration date of this *Document de Référence,* and except as set out in chapter 5 of this *Document de Référence,* the Rexel Group has no knowledge of:

– environmental litigation other than as described in paragraph 14.6 of this *Document de Référence;*

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

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

In 2008, no provision for environmental risks was recorded in the consolidated financial statements of the Rexel Group.

Pending proceedings that are not the subject of a provision

Not applicable.

Indemnities paid pursuant to a court decision

In 2008, no indemnities were paid pursuant to a court decision with respect to environmental matters or claims filed for the reparation of damages caused to the environment.

5.4 STATUTORY AUDITOR'S REPORT ON THE FINDINGS RESULTING FROM PROCEDURES AGREED ON CERTAIN SOCIAL AND ENVIRONMENTAL INDICATORS

This is a free translation into English of the Auditor's report on the findings resulting from procedures agreed on certain social and environmental indicators issued in the French language and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Rexel

Year ended December 31, 2008

Statutory Auditor's report on the findings resulting from procedures agreed on certain social and environmental indicators

Mr. President,

As agreed with you in our engagement letter dated December 12, 2008 and in our capacity as statutory auditor of Rexel, we have implemented the procedures agreed with you in relation to six environmental, social and safety indicators for the year 2008 [1] (the "Indicators"). The Indicators are defined by the Standards made up of the environmental reporting protocol as at October 17, 2008, on the one hand, and of the definitions of the social indicators provided by the IT reporting system as at December 31, 2008, on the other hand.

It is the responsibility of Rexel's department of sustainable development, in relation to environmental reporting, and of Rexel's management of human resources, in relation to social reporting, to establish indicators, implement the reporting processes (the "Processes") and ensure that the Standards are made available upon request.

Our work, carried out in accordance with the professional standards applicable in France, has been to implement the following procedures, that you have asked us to carry out, the results of which are described in the form of findings. It is up to you to draw your own conclusions in such respect.

Our duties are neither an audit nor a limited review carried out according to professional standards applicable in France. Accordingly, we express no opinion or conclusion on the information set out in Chapter 5 of this *Document de Référence.*

Had we implemented additional procedures or conducted an audit or a limited review of such information in accordance with the professional standards, we may have identified other facts that would have been brought to your attention.

Nature and scope of our work

We carried out the following agreed-upon procedures:

- We compared the Standards to industry standards, in terms of precision, clarity, objectivity, comprehensiveness and relevance in respect of the businesses of the group.
- At group level, we conducted interviews with the persons responsible for the collection of information and for the implementation of the Processes. At these levels, we observed the implementation of the Standards, carried out analytical procedures and verified, on a test basis, the consolidation of the Indicators.
- We selected a sample of four entities reflection the activities of Rexel according to their size and risk of anomalies previously identified. The selected entities represent on average 20% of the total value of verified environmental indicators and 29% of total headcount. At this level, we verified the understanding and implementation of the Standards, carried out detailed tests based on samples, consisting in verifying the calculations and reconciling the data with supporting documents. For each of these entities, we visited a sales outlet to assess the understanding of the procedures and the level of mastering of the reporting tool on site.

Findings

Our findings are as follows:

- The subjects addressed by the Standards cover the main environmental and social issues in the sector. The ratios calculated allow to measure the performance of the group and to compare them with other industry players. Certain ratios could be allocated specific targets.

(1) Three environmental indicators: Carbon Inventory (in tons of carbon equivalent) of fuel, electricity and transport (excluding subcontractors), specific Rexel waste (bulbs, tubes and cables), allocation of lighting units sold (% incandescent lamps and % low consumption lamps). Three social indicators: total headcount, total number of hires, staff turnover ratio.

- Eventually, the group may consider the opportunity of streamlining some of the indicators.
- In 2008, the implementation of a software tool dedicated to the reporting of environmental data led to a clarification of roles and responsibilities and to an increase in the level of control over the data at the level of subsidiaries. A similar approach had been undertaken in 2007 in relation to social data. On this occasion, and taking into account the first year of experience, Rexel has revamped and improved environmental and social reporting processes.
- The Standards are available in French and English, and the social section is available in three other languages. As a general rule, the data required is detailed. The environmental section of the Standards could extend to all indicators the rules to be followed in case of unavailability of certain data, or suggest default ratios.
- Hagemeyer's Retained Entities, which represent a significant part of the group, were incorporated in 2008 in the scope of reporting. This integration included some difficulties deriving from the discovery of the Standards by new users.
- The Standards define the role of the validator, who is in charge of data control, allowing the collection of reliable data. The nature of internal controls to be performed could be more detailed.
- Estimates have been established by Rexel's entities under their own responsibility to calculate the Carbon Inventory indicator due to the absence of recording of certain data for part of the perimeter. The environmental reporting standards do not include any estimation methods applicable to all Rexel entities.

Paris-La Défense, March 12, 2009

ERNST & YOUNG Audit
Statutory Auditor

Pierre Bourgeois Jean Bouquot

Assisted by ERNST & YOUNG
Environment and Sustainable Development Department

Eric Duvaud

6. Operating and financial review

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this *Document de Référence:*

– the operating and financial review for the year ended December 31, 2007 which is included in pages 80 to 87 of the Document de Référence filed by Rexel with the *Autorité des marchés financiers* on April 30, 2008, under number R.08-046; and

– the operating and financial review for the year ended December 31, 2006 which is included in pages 81 to 109 of the *Document de Base* filed by Rexel with the *Autorité des marchés financiers* on February 21, 2007 under number I.07-011.

The information of these documents that is not incorporated by reference in this *Document de Référence* is either irrelevant for the investor or is covered in another section of this *Document de Référence.*

6.1 GENERAL OVERVIEW

The Retained Entities (as defined in paragraph 2.2 of this *Document de Référence*) were consolidated from March 31, 2008. As a consequence, the assets and liabilities of these entities are included in the Rexel Group consolidated balance sheet while their revenues, costs and cash flows are included in the consolidated income statement and cash flow statement only since April 1, 2008. The former business of the Rexel Group in Germany, transferred to Sonepar in the second quarter, has been excluded from the scope of consolidation since March 31, 2008. The business acquired from Sonepar in Sweden is consolidated from July 1, 2008. In addition, a pro forma income statement is disclosed in section 14.2 in order to reflect the effect of these transactions as if they had occurred on January 1, 2008. This pro forma income statement also reflects the effect of the disposal of the electrical distribution business of Hagemeyer in Ireland because of Rexel's commitment to the European competition authorities to such disposal.

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

6.1.1 Rexel Group overview

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

In the year 2008, the Rexel Group recorded consolidated sales of €12,861.6 million, of which €7,166.6 million were generated in Europe (56% of sales), €4,404.8 million in North America (34% of sales), €881.9 million in the Asia-Pacific zone (7% of sales), and €408.3 million related to Other Operations (3% of sales).

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

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

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

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

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

6.1.2 Seasonality

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

6.1.3 Effects of changes in copper prices

The Rexel Group is indirectly exposed to fluctuations in copper prices in connection with the distribution of cable products. Cables accounted for 18% of the Rexel Group's sales, and copper accounts for approximately 58% of the composition of cables. This exposure is indirect since cables prices also depend on suppliers' commercial policies and on the competitive environment in the Rexel Group's markets. Changes in copper price have an estimated so-called "recurring" effect and an estimated so called "non-recurring" effect on the Rexel Group's performance:

- The recurring effect related to the change in copper-based cables price corresponds to the change in value of the copper part included in the selling price of cables from one period to another. This effect mainly relates to sales;
- The non-recurring effect related to the change in copper-based cables price corresponds to the effect of copper price variations on the selling prices of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit), offset, when appropriate, by the non-recurring portion of changes in the distribution and administrative expenses (essentially, the variable portion of compensation of sales personnel, which accounts for approximately 10% of the variation in gross profit).

6.1.4 Comparability of the Rexel Group's operating results

The Rexel 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 Rexel Group's consolidated sales. Finally, changes in copper price have an impact on Rexel Group's financial performance. For these reasons, a comparison of the Rexel Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Rexel Group's consolidated results below, financial information is also presented restated for the following adjustments.

Exclude the effects of acquisitions and disposals

The Rexel Group adjusts results to exclude the effects of acquisitions and disposals. Generally, the Rexel Group includes the results of an acquired company in its consolidated financial statements at the date of 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 Rexel 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.

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

In 2008, the Rexel Group acquired Beacon Electric Supply Company, an electrical supplies distributor in the area of San Diego in the United States, the business of the ABK Electrical Wholesale Pty. Ltd Company, an electrical supplies distributor in Australia, Egleys Electrical in New Zealand, Espace Elec and NFM SA in France, and B.V. Electrotechnische Groothandel J.K. Busbroek in The Netherlands. These acquisitions amounted to €59.0 million net of cash acquired, including prices adjustments on previous acquisitions.

In 2008, the Rexel Group also acquired Hagemeyer in the Offer. As of December 31, 2008, Rexel owned 99.13% of the outstanding shares and all of the convertible bonds outstanding for an amount of approximately €3.2 billion through its subsidiary Kelium. The Assets Sales were completed in June for an amount of approximately €1.6 billion. In addition, Rexel disposed of its activities in Germany to Sonepar for an amount of €177 million and acquired from Sonepar its activities in Sweden for an amount of €86 million. In total, the Assets sales and the Assets Swaps resulted for Rexel in a reduction of its net debt of approximately €1.7 billion.

Exclude the effects of fluctuations in exchange rates

Fluctuations in currency rates against the euro affect the euro value of the Rexel Group's sales, expenses and other balance sheet items as well as the income statement. Nonetheless, the Rexel 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 Rexel 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 prices

For the analysis of financial performance on a constant and Adjusted basis, the estimated non-recurring effect related to changes in copper-based cables price, as described in paragraph 6.1.3 – "Effects of changes in copper prices" 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 Rexel 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 Rexel 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 Rexel Group's other consolidated income statement items.

Exclude the amortization of intangible assets recognized during the provisional allocation of the purchase price of Hagemeyer

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

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

- On a constant basis, meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison on sales and headcounts;
- On a constant basis and same number of working days, meaning on a constant basis and restated for the effect of different numbers of working days in each period. Such information is used only for comparison related to sales;
- On a constant basis, Adjusted, meaning on a constant basis and adjusted for the two following elements:
  - The estimated non-recurring effect related to changes in copper-based cable price;
  - The amortization of the intangible assets recognized in the allocation of the purchase price of Hagemeyer.

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

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above. The non-recurring effect related to changes in copper-based cables price is determined in accordance with the internal monthly reporting procedures of the Rexel Group by comparing the historical purchase price and the supplier's price effective at the date of the sale of the cables by the Rexel Group. This calculation is applied to a representative sample of cable references and then extrapolated to all cables sold during the period. Data in relation to the non-recurring effect are subject to the review of the statutory auditors pursuant to Article L.225-235 § 3 of the French Commercial Code, on the basis of the other information contained in the management report.

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

(in millions of euros)	Year ended December 31,	
	2008	2007
EBITA	**630.0**	**648.4**
External growth	–	80.7
Foreign exchange effect	–	(21.5)
Non-recurring effect related to copper	60.9	1.5
Amortization of intangible assets recognized as part of the allocation of the purchase price of Hagemeyer	8.5	9.0
Adjusted EBITA on a constant basis	**699.4**	**718.1**

6.2 COMPARISON OF THE FINANCIAL RESULTS AS AT DECEMBER 31, 2008 AND DECEMBER 31, 2007

Rexel recorded full year sales of €12,861.6 million, up 20.2% on an actual basis. The rise in sales included €2,592.0 million from acquisitions net of divestitures, partially offset by €402.7 million in adverse exchange rate fluctuations, mainly due to the depreciation of the US dollar against the euro.

On a constant basis and same number of working days, sales were down 0.8% in the full year. While year-to-end-September sales were up 1.6%, the global economic downturn led to a marked slump in the fourth quarter (–6.7%) of which the sharp drop in copper-based cables price accounted for approximately one third.

Despite lower sales, Rexel achieved full year Adjusted EBITA margin of 5.4%:

– Gross margin, restated for the non-recurring items in the first quarter of 2007, rose by 20 basis points, due to the successful implementation of operating levers, notably the optimization of the supply chain, and a favorable product mix, as well as initial purchasing synergies with Hagemeyer;

– Distribution and administrative expenses were kept under tight control (+0.6%), showing the Rexel Group's responsiveness to rapid changes in market conditions.

In the fourth quarter, the 6.7% decline in sales, mitigated by a 10 basis points improvement in Adjusted gross margin, led to a 50 basis points contraction in Adjusted EBITA margin on a constant basis. Distribution and administrative expenses were reduced by 3.3%, reflecting the acceleration of cost-cutting actions taken since the beginning of the year. As of December 31, 2008, headcount was 6.0% lower than a year ago on a constant basis.

Full year net income attributable to equity holders of Rexel rose 61.0% to €230.2 million:

– Operating income before other income and expenses was impacted by the non-recurring effect resulting from the sharp decrease in copper price, which is estimated at €60.9 million;

– Other income and expenses amounted to a net loss of €76.6 million: in 2008, capital gains (€119.9 million) were offset by restructuring expenses (€75.6 million of which €27.7 million related to Hagemeyer integration) and a goodwill and assets impairment charge (€97.1 million);

– Net financial expenses amounted to €210.2 million compared to €319.2 million in 2007, which included IPO-related debt refinancing costs.

In the fourth quarter, non-recurring charges of €125 million net of tax (including the effect resulting from the sharp decrease in copper price, goodwill and asset impairment, mainly in Spain, and restructuring expenses) led to a net loss attributable to equity holders of Rexel of €62.8 million.

Free cash flow before interest and tax paid increased 17.7% to €789.1 million in the full year, reflecting:

– A further reduction in working capital as a percentage of sales, to 12.6% from 13.0% a year ago on a constant basis, excluding the estimated recurring effect resulting from copper-based cables price evolution;

– Capital expenditure of €96.8 million in 2008, partially offset by €88.1 million of disposals of fixed assets, leading to a net cash outlay of €8.7 million in 2008 (€20.6 million in 2007).

After €186.7 million of net interest paid and €109.8 million of income tax paid, full year free cash flow amounted to €492.6 million, up 19.9% compared with the previous year.

Net debt was reduced to €2,932.0 million on December 31, 2008, compared with €3,213.2 million on September 30, 2008, thanks to strong fourth quarter free cash flow of €235.6 million.

In December 2008, Rexel entered into a new securitization of trade receivables programme, optimizing its sources of financing in terms of cost and maturity. This 5-year programme is based on trade receivables from Hagemeyer's activities following their integration. It is aimed at refinancing facility D of the 2008 Senior Credit Agreement which was originally designed as a bridge financing. The maximum amount to be drawn under this new programme is €600 million, of which €266 million were drawn as of December 31, 2008.

As of December 31, 2008, the Rexel Group's liquidity amounted to €1.3 billion including €716 million of cash net of overdrafts and €585 million of undrawn revolver credit. Rexel's liquidity therefore exceeds the €790 million mandatory senior debt repayments until end-2011 and the other commitments that the Rexel Group may have to deal with.

As of December 31, 2008, the Indebtedness Ratio (as defined in the Senior Credit Agreement) stood at 3.60x, compared with the year-end commitment of 4.75x under the Senior Credit Agreement.

6.2.1 Rexel's consolidated financial results

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

(in millions of euros)	Year ended December 31,		
	2008	2007	% change
REPORTED FINANCIAL DATA			
Sales	**12,861.6**	**10,704.4**	**20.2%**
Gross profit	3,062.3	2,615.6	17.1%
Distribution and administrative expenses [1]	(2,432.3)	(1,967.2)	23.6%
EBITA [2]	**630.0**	**648.4**	**(2.8)%**
Other income and expenses	(76.6)	(77.9)	
Operating income	553.4	570.5	
Financial expense	(210.2)	(319.2)	
Income tax	(111.7)	(107.8)	
Net income	231.5	143.5	
as a % of sales	*1.8%*	*1.3%*	
(1) Including depreciation.	(102.5)	(77.0)	33.1%

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

(in millions of euros)	Year ended December 31, Hagemeyer [3] as of April 1,		
	2008	2007	% change
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**12,861.6**	**12,893.7**	**(0.2)%**
Same number of working days			*(0.8)%*
Gross profit	3,124.1	3,129.1	(0.2)%
as a % of sales	*24.3%*	*24.3%*	
Distribution and administrative expenses	(2,424.7)	(2,411.0)	0.6%
as a % of sales	*(18.9)%*	*(18.7)%*	
EBITA [2]	**699.4**	**718.1**	**(2.6)%**
as a % of sales	***5.4%***	***5.6%***	
Adjusted EBITA excluding non-recurring items in Q1, 2007 [4]	**699.4**	**702.1**	**(0.4)%**
as a % of sales	***5.4%***	***5.4%***	

(3) Hagemeyer Retained Entities.
(4) Non-recurring positive effect resulting from specific sales actions.

Sales

In the year 2008, Rexel's consolidated sales increased by 20.2% to reach €12,861.6 million, a 0.8% decrease on a constant basis and same number of working days. Acquisitions net of divestitures accounted for an increase of €2,592.0 million, mainly related to the Hagemeyer transaction, while the negative effect of changes in exchange rates amounted to €402.7 million, mainly due to the depreciation of the US dollar against the Euro. In the fourth quarter of 2008, sales decreased by 6.7% on a constant basis and same number of working days.

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

		2008 growth vs. 2007					
		Q1	Q2	H1	Q3	Q4	YTD
Growth on a constant basis and same number of working days		3.1%	1.7%	2.3%	0.4%	(6.7)%	(0.8)%
Number of working days effect		(1.9)%	1.8%	0.2%	0.7%	0.8%	0.6%
Organic growth	***(a)***	***1.2%***	***3.5%***	***2.5%***	***1.1%***	***(5.9)%***	***(0.2)%***
External growth		1.3%	29.2%	15.7%	32.2%	33.1%	24.2%
Foreign exchange		(4.7)%	(6.2)%	(5.5)%	(4.7)%	0.5%	(3.8)%
Total scope and currency effects	***(b)***	***(3.4)%***	***23.1%***	***10.2%***	***27.4%***	***33.6%***	***20.5%***
Effective growth (a) x (b) [1]		**(2.3)%**	**27.3%**	**12.9%**	**28.8%**	**25.7%**	**20.2%**

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

In the year 2008, decrease in copper-based cables prices accounted for approximately (0.3)% in the (0.8)% Rexel Group's sales variation on a constant basis and same number of working days and (2.0)% in the (6.7)% variation in the fourth quarter.

Gross profit

In the year 2008, gross margin was 23.8% compared to 24.4% in 2007. On a constant basis, Adjusted gross margin remained stable compared to 2007 to 24.3%. Excluding the favorable non-recurring effect in the first quarter of 2007, Adjusted gross margin improved by 20 basis points. This improvement reflects the successful implementation of operating levers, notably the optimization of supply chain as well as purchasing synergies with Hagemeyer, together with a favorable product mix.

In the fourth quarter of 2008, Adjusted gross margin increased by 10 basis points compared to the fourth quarter of 2007 on a constant basis.

Distribution and administrative expenses

Rexel pursued the optimization of its costs structure over the period to adapt to the current activity trends. Distribution and administrative expenses as a percentage of sales increased from 18.4% in the year 2007 to 18.9% in the year 2008, notably due to a mix effect related to the consolidation from the second quarter of the Hagemeyer retained activities. On a constant basis, Adjusted distribution and administrative expenses increased by 0.6% between 2007 and 2008. Adjusted personnel expenses decreased by 0.8% on a constant basis as a result of the headcount reductions implemented, notably, in North America and in Europe (in particular in Spain and the United Kingdom). At December 31, 2008, the number of employees was 32,967, to be compared to 35,085 at December 31, 2007 on a constant basis, namely a 6.0% reduction. During the fourth quarter of 2008, Rexel continued adapting its cost base in the United States, Asia-Pacific and in Europe to address activity decrease in different countries. As a result, Adjusted distribution and administrative expenses decreased by 3.3% in the quarter compared to the fourth quarter of 2007 on a constant basis.

Operating income before other income and other expenses (EBITA)

Operating income before other income and other expenses (EBITA) reached €630.0 million in the year 2008, a 2.8% decrease compared to 2007 on a reported basis. On a constant basis, excluding the non-recurring favorable effect in the first quarter of 2007, Adjusted EBITA decreased by 0.4% and Adjusted EBITA margin remained stable at 5.4%. In the fourth quarter of 2008, Adjusted EBITA decreased 13.3% and represented 5.2% of sales, *i.e.* 50 basis points below last year.

Other income and other expenses

In the year 2008, other income and other expenses amounted to a net expense of €76.6 million. Other income amounted to €124.4 million, of which €119.9 million in capital gains on disposals, €3.0 million in write-back of impairment on assets in Portugal and €1.5 million in other proceeds, mainly consisting in releases of unused provisions. Capital gains included a €104.9 million capital gain on the disposal of German operations to Sonepar and a €10.1 million capital gain on the disposal of logistic centers in France. Other expenses amounted to €201.0 million. They included a €87.4 million goodwill impairment charge in respect of the Rexel Group's operations in Spain, Czech Republic, Italy, New Zealand, Finland and Poland. Restructuring expenses amounted to €75.6 million, including Hagemeyer's integration expenses for €27.7 million. Non-cash charges in respect of free shares granted in April 2007 concurrently to the IPO of Rexel accounted for €19.7 million. Finally, the balance of €18.3 million mainly reflected losses on disposals and impairment losses recorded on fixed assets.

Financial expenses

In the year 2008, net financial expenses were €210.2 million compared to €319.2 million in 2007. Net financial expenses

included €11.0 million non-recurring costs related to the 2008 Rexel Group's refinancing and a €7.8 million foreign exchange gain related to the repayment of loans to the Hagemeyer entities sold to Sonepar. In 2007 net financial expenses included €165.9 million related to the Rexel Group's debt restructuring following its IPO. As from the second quarter of 2008, financial expenses reflect mainly the terms of the new Senior Credit Agreement entered into for the Hagemeyer Transaction and the related increased debt. In the fourth quarter of 2008, net financial expenses thus amounted to €69.3 million compared to €26.2 million in the fourth quarter of 2007.

Tax expenses

The effective tax rate was 32.5% at December 31, 2008 compared to 42.9% at December 31, 2007.

In the year 2007, the effective tax rate included the effect of non-recurring IPO related costs, especially non-deductible expenses related to the free shares allocation plan. In the year 2008, excluding mainly the effects of the non taxable gain relating to the transfer to Sonepar of Rexel's operations in Germany, of the non deductible goodwill impairment mentioned above, of free shares and tax losses not recognized, the effective tax rate would have been approximately 31%.

Net income

Net income amounted to €231.5 million in the year 2008, of which €230.2 million attributable to equity holders of Rexel, compared to €143.5 million in the year 2007. In the fourth quarter of 2008, after €52.0 million goodwill impairment charge and €39.1 million restructuring expenses (before tax), net income amounted to a net loss of €62.5 million compared to a net profit €56.6 million in the fourth quarter of 2007.

6.2.2 Europe

(in millions of euros)	Year ended December 31, 2008	2007	% change
REPORTED FINANCIAL DATA			
Sales	**7,166.6**	**5,041.9**	**42.1%**
Gross profit	1,773.7	1,343.5	32.0%
Distribution and administrative expenses	(1,420.0)	(968.8)	46.6%
EBITA (1)	**353.7**	**374.7**	**(5.6)%**
as a % of sales	*4.9%*	*7.4%*	

(in millions of euros)	Year ended December 31, Hagemeyer (2) as of April 1, 2008	2007	% change
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,166.6**	**7,175.6**	**(0.1)%**
Same number of working days			*(0.7)%*
Gross profit	1,823.8	1,819.5	0.2%
as a % of sales	*25.4%*	*25.4%*	
Distribution and administrative expenses	(1,414.9)	(1,384.3)	2.2%
as a % of sales	*(19.7)%*	*(19.3)%*	
EBITA (1)	**408.9**	**435.2**	**(6.1)%**
as a % of sales	***5.7%***	***6.1%***	
Adjusted EBITA excluding non-recurring items in Q1, 2007	**408.9**	**427.2**	**(4.3)%**
as a % of sales	***5.7%***	***6.0%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Hagemeyer Retained Entities.

In the year 2008, sales increased by 42.1% in Europe compared to 2007 and reached €7,166.6 million. Acquisitions accounted for a €2,508.8 million increase, essentially due to the acquisition of Hagemeyer, and divestments accounted for a €341.7 million decrease, essentially related to the disposal of Rexel Germany and Kontakt Systeme in Switzerland, while changes in exchange rates accounted for a €33.4 million decrease. On a constant basis and same number of working days, the sales decreased by 0.7% in the year 2008 as a result of the further deterioration in economics and copper-based cables price decreases in the fourth quarter of 2008, with a 6.5% decrease, nearly every country posting a decrease.

In France, sales amounted to €2,483.0 million in 2008, a 2.5% increase on a constant basis and same number of working days. The Rexel Group estimates that it outperformed the market on a full year basis. This growth notably stemmed from small and medium contractors (approximately 30% of sales), with whom sales grew approximately 5% in the year 2008. By product family, sales growth was driven by electrical installation equipments and climate control, which increased by approximately 5% and 10% respectively over the period. In the fourth quarter, sales increased by 1.3% on a constant basis and same number of working days.

In the United Kingdom, sales amounted to €943.2 million in the year 2008, a 3.1% decrease on a constant basis and same number of working days. Rexel historical banners posted a 0.4% decrease in the year despite poor market conditions, mainly attributable to the development of small contractors in the commercial end-market and branches opening, while the banners acquired from Hagemeyer recorded a 4.2% decrease as they suffer from the downturn of the construction market and projects on hold. In the fourth quarter, sales in the United Kingdom decreased by 9.7% on a constant basis and same number of working days affecting all banners.

In Germany sales amounted to €771.3 million in the year 2008, a 0.5% increase on a constant basis and same number of working days. This performance reflects the activity of Rexel Germany for the first quarter of 2008 only and the one of Hagemeyer Germany in the three last quarters of 2008. In the first quarter of 2008, Rexel Germany recorded a 1.1% sales decrease on a constant basis and same number of working days resulting from a difficult environment in the south of the country and negative cables sales evolution. In the last three quarters of 2008, Hagemeyer Germany recorded a sales growth of 0.7% on a constant basis and same number of working days. Residential construction continued losing momentum and industrial end-market started slowing down particularly in the automotive sector. Sales to industrial customers, which represented approximately 30% of total sales, still recorded a positive increase in the period. This was the result of added-value service development to this market segment, through twenty industrial competence centers in Germany fully dedicated to assist the industrial customer base. In the fourth quarter of 2008 sales decreased by 4.1% on a constant basis and same number of working days impacted by the slowdown of the market.

In Scandinavia sales amounted to €707.2 million in the year 2008, a 3.1% increase on a constant basis and same number of working days, driven by Norway. Sales in Norway recorded a 9.2% increase mainly with large contractors and MRO customers' activity and despite a market slowing down in residential and industrial areas, thus outperforming the market. In Sweden, increase in sales amounted to 1.7% but started slowing down with lower sales to large projects and large accounts. Rexel estimates that it outperformed the market. The activities in Finland recorded 1.5% decrease in sales and are in a downturn trend, however succeeding in focusing on high added value segments. In the fourth quarter of 2008, sales in Scandinavia decreased by 4.1% on a constant basis and same number of working days starting being impacted by the general economic slowdown.

In the year 2008, gross profit amounted to €1,773.7 million, a 32.0% increase compared to 2007. On a constant basis, Adjusted gross margin was 25.4% of sales in the year 2008, stable compared to 2007. On-going improvements were offset by the favorable non-recurring effects in the first quarter of 2007. Excluding these effects, Adjusted gross margin in the year 2008 is estimated to be 20 basis points higher than in 2007. In the fourth quarter of 2008, Adjusted gross margin was 20 basis points higher than in the fourth quarter of 2007 on a constant basis, at 25.4% of sales. These performances are mainly due to favorable changes in product and customer mix and from better purchasing terms, including synergies from the Hagemeyer acquisition.

In the year 2008, distribution and administrative expenses amounted to €1,420.0 million, *i.e.* 19.8% of sales compared to 19.2% in 2007. On a constant basis, Adjusted distribution and administrative expenses increased by 2.2%. Synergies resulting from the integration of Hagemeyer are progressing in accordance with expectations. In order to adapt costs to the economic downturn, specific cost reduction actions were implemented, whose full effect will only be reflected in the coming months. Lease and maintenance expenses posted an above-inflation increase due to commercial and logistic initiatives. In the logistics area, the implementation of a national distribution center in Austria, the transfer and improvement of several logistic centers in France as well as the sale and partial leaseback of 7 logistics platforms representing 125,000 m^2, resulted in the increase in expenses. Adjusted personnel expenses remained stable on a constant basis. The number of employees was reduced by 5.9% compared to December 31, 2007 on a constant basis mainly in Spain and the United Kingdom, to 19,831 at December 31, 2008. Adjusted administrative and distribution expenses decreased by 0.1% in the fourth quarter on a constant basis.

Operating income before other income and other expenses (EBITA) amounted to €353.7 million, a 5.6% decrease compared to 2007. On a constant basis and excluding the effect of non-recurring items in the first quarter of 2007, estimated Adjusted EBITA decreased by 4.3% and Adjusted EBITA margin decreased by 30 basis points. In the fourth quarter of 2008, Adjusted EBITA decreased by 23.4% on a constant basis compared to the fourth quarter of 2007, and Adjusted EBITA margin decreased by 120 basis points from 6.5% to 5.3% of sales. Even though cost reduction plans were implemented in 2008, the full effect of the actions of the fourth quarter will only be reflected in the financial performance of 2009.

6.2.3 North America

(in millions of euros)	Year ended December 31,		
	2008	2007	% change
REPORTED FINANCIAL DATA			
Sales	**4,404.8**	**4,806.1**	**(8.3)%**
Gross profit	946.8	1,043.9	(9.3)%
Distribution and administrative expenses	(735.8)	(808.3)	(9.0)%
EBITA [1]	**211.0**	**235.6**	**(10.4)%**
as a % of sales	*4.8%*	*4.9%*	

(in millions of euros)	Year ended December 31,		
	2008	2007	% change
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,404.8**	**4,490.2**	**(1.9)%**
Same number of working days			*(2.2)%*
Gross profit	958.8	981.6	(2.3)%
as a % of sales	*21.8%*	*21.9%*	
Distribution and administrative expenses	(735.7)	(756.0)	(2.7)%
as a % of sales	*(16.7)%*	*(16.9)%*	
EBITA [1]	**223.1**	**225.6**	**(1.1)%**
as a % of sales	***5.1%***	***5.0%***	
Adjusted EBITA excluding non-recurring items in Q1, 2007	**223.1**	**217.6**	**2.5%**
as a % of sales	***5.1%***	***4.8%***	

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

In the year 2008, sales in North America amounted to €4,404.8 million, an 8.3% decrease compared to 2007. This decrease mainly resulted from the €315.9 million unfavorable evolution of the US and Canadian dollars against the Euro. On a constant basis and same number of working days, sales decreased by 2.2% in 2008 compared to 2007. In the fourth quarter of 2008, sales decreased by 7.9% on a constant basis and same number of working days, impacted by the economic downturn.

In the United States, sales amounted to €3,401.5 million in the year 2008, a 3.9% decrease on a constant basis and same number of working days. The downturn of residential construction continued while commercial end-markets weakened and some industrial segments continued slowing down in the fourth quarter of 2008. Overall, the banking and credit crisis led to cancellations or postponements of projects. Despite the economic environment, Rexel implemented initiatives which contributed to sales growth in some governmental/institutional projects, and also specific industrial end-markets, such as in wastewater treatment plants. Sales decreased by 11.5% on a constant basis and same number of working days in the fourth quarter of 2008, reflecting the increased slowdown of the overall economics in the United States.

In Canada, sales amounted to €1,003.3 million in the year 2008, a 4.2% increase on a constant basis and same number of working days. Sales were affected by a softening economy, in particular in the industrial sector, notably in Ontario and Quebec, but also in the forestry operations in British Columbia. Sales teams were able to refocus on the growing sectors at regional level such as oil sands projects in Alberta and institutional and commercial projects in Eastern Canada and Ontario. In the fourth quarter of 2008, sales thus increased by 7.1% on a constant basis and same number of working days, confirming the trend observed in the third quarter and the success of the initiatives implemented.

In the year 2008, gross profit amounted to €946.8 million, a 9.3% decrease compared to 2007, mainly due to changes in exchange rates against the Euro. On a constant basis, Adjusted gross margin decreased by 10 basis points at 21.8% of sales compared to 2007. This evolution is notably the result of the favorable non-recurring effect in the first quarter of 2007. Excluding this effect, Adjusted gross margin posted an estimated growth of 10 basis points. This improvement came from a better control in the implementation of Group pricing policies and improvement in purchasing terms. In the fourth quarter of 2008, Adjusted gross margin decreased by 10 basis points compared to the fourth quarter of 2007 on a constant basis, from 21.8% in the fourth quarter of 2007 to 21.7% in the fourth quarter of 2008, due to market pressure and increased direct sales mix but demonstrating the Rexel Group's ability to protect its margin in a situation of significant sales downturn.

Distribution and administrative expenses amounted to €735.8 million in the year 2008, *i.e.* 16.7% of sales, compared to 16.8% in 2007. On a constant basis, Adjusted distribution and administrative expenses decreased by 2.7%. Adjusted personnel costs decreased by 3.6% on a constant basis due to staff reductions started in 2007 and continued in the year 2008 in order to adapt to current sales trends. Headcount was reduced from 9,707 at December 31, 2007 to 8,817 at December 31, 2008 on a constant basis, *i.e.* a 9.2% decrease. Adjusted distribution and administrative expenses in the fourth quarter of 2008 were reduced by 6.7% on a constant basis compared to the fourth quarter of 2007.

Operating income before other income and other expenses (EBITA) thus amounted to €211.0 million in the year 2008, a 10.4% decrease compared to 2007, more than half of it due to changes in foreign exchange rates. On a constant basis and excluding the effect of non-recurring items in the first quarter of 2007, Adjusted EBITA posted a 2.5% growth, *i.e.* a 30 basis improvement as a percentage of sales, reflecting the Rexel Group's ability to maintain its gross margin in a declining environment and to reduce its distribution and administrative expenses. In the fourth quarter of 2008, Adjusted EBITA margin improved by 20 basis points compared to the fourth quarter of 2007 on a constant basis to 5.1%.

6.2.4 Asia-Pacific

(in millions of euros)	Year ended December 31, 2008	2007	% change
REPORTED FINANCIAL DATA			
Sales	**881.9**	**797.2**	**10.6%**
Gross profit	214.7	202.3	6.1%
Distribution and administrative expenses	(154.6)	(152.1)	1.6%
EBITA [1]	**60.1**	**50.2**	**19.8%**
as a % of sales	*6.8%*	*6.3%*	

(in millions of euros)	Year ended December 31, 2008	2007	% change
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**881.9**	**829.9**	**6.3%**
Same number of working days			*5.9%*
Gross profit	214.3	207.3	3.4%
as a % of sales	*24.3%*	*25.0%*	
Distribution and administrative expenses	(154.6)	(154.9)	(0.2)%
as a % of sales	*(17.5)%*	*(18.7)%*	
EBITA [1]	**59.7**	**52.4**	**13.9%**
as a % of sales	***6.8%***	***6.3%***	

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

In the year 2008, sales in the Asia-Pacific zone increased by 10.6% compared to 2007 to €881.9 million, or 5.9% on a constant basis and same number of working days. On the same basis, sales increase was 0.6% in the fourth quarter of 2008 compared to the fourth quarter of 2007.

In the year 2008, sales in Australia amounted to €612.6 million, a 6.3% increase on a constant basis and same number of working days from 2007. Despite slowing down of the residential market, industrial and mining markets were still strong. Australian banners outperformed the market in the year, based on Rexel's estimates and recorded high sales growth in Western Australia, Queensland and New South Wales for both specialists and generalists. Industrial key accounts and large national contractors were the main growth drivers, reinforced by a network optimization. In the fourth quarter of 2008, sales were stable compared to the fourth quarter of 2007 on a constant basis and same number of working days, slowing down compared to the beginning of the year due to deteriorated market conditions.

In New Zealand, affected by the downturn of the residential and commercial construction markets, sales amounted to €128.9 million, a 1.6% decrease compared to 2007 on a constant basis and same number of working days.

In Asia, sales amounted to €140.4 million in the year 2008, an 11.7% increase on a constant basis and same number of working days compared to 2007, which evidences the fast development of the Rexel Group's different banners particularly driven by the lighting and automation segments and the panel building customers. In the fourth quarter, sales increase amounted to 5.5% on a constant basis and same number of working days impacted by high project sales in 2007, slow down of the steel and automotive industry and close selection of customer to limit credit risk.

In the year 2008, gross profit increased by 6.1% to €214.7 million. On a constant basis, Adjusted growth margin decreased by 70 basis points in the zone, mainly due to a gross margin decrease in Australia (increased mix of key accounts and more projects with lower gross margin but also lower distribution and administrative expenses) and to a lesser extent due the growth in Asia where gross margin is lower (mix effect). In the fourth quarter of 2008, gross margin decreased by 40 basis due to the growth margin decrease in Australia.

Distribution and administrative expenses were €154.6 million in the year 2008, *i.e.* 17.5% of sales compared to 19.1% in the year 2007. On a constant basis, Adjusted distribution and administrative expenses decreased by 0.2% compared

to 2007, while sales grew 6.3%. Adjusted personnel costs increased by 0.8% on a constant basis. Headcount increased from 2,700 at December 31, 2007 to 2,721 at December 31, 2008 on a constant basis, as a result of sales increase. In the fourth quarter of 2008, Adjusted distribution and administrative expenses decreased by 5.0% due to non-recurring pension charge in 2007, but also reflecting the efficient cost control and measures implemented.

Operating income before other income and other expenses (EBITA) amounted to €60.1 million in the year 2008, a 19.8% increase compared to 2007. On a constant basis, Adjusted EBITA increased by 13.9%, from 6.3% of sales in the year 2007 to 6.8% in 2008. In the fourth quarter of 2008, Adjusted EBITA increased by 9.6% compared to the fourth quarter of 2007, a 60 basis points improvement as a percentage of sales, from 5.6% of sales in the fourth quarter of 2007 to 6.2% in the fourth quarter of 2008.

6.2.5 Other Operations

(in millions of euros)	Year ended December 31, 2008	Year ended December 31, 2007
REPORTED FINANCIAL DATA		
Sales	408.3	59.2
Gross profit	127.1	25.9
Distribution and administrative expenses	(121.9)	(38.0)
EBITA [1]	**5.2**	**(12.1)**
as a % of sales	*1.3%*	*(20.2)%*

(in millions of euros)	Year ended December 31, 2008	Hagemeyer [2] as of April 1, 2007	% change
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**408.3**	**398.0**	**2.6%**
Same number of working days			*1.0%*
Gross profit	127.2	120.7	5.5%
as a % of sales	*31.2%*	*30.3%*	
Distribution and administrative expenses	(119.5)	(115.8)	3.2%
as a % of sales	*(29.3)%*	*(29.1)%*	
EBITA [1]	**7.7**	**4.9**	**60.0%**
as a % of sales	***1.9%***	***1.2%***	

(1) EBITA = Operating income before other income and other expenses.
(2) Hagemeyer Retained Entities.

In the last three quarters of 2008, the Agencies / Consumer Electronics activity recorded a 0.7% decrease of its sales on a constant basis and same number of working days from 2007 with flat sales in Asia, positive sales in The Netherlands offsetting decrease in Australia. This decrease was more than compensated by the strong increase in sales in Chile, 9.9% compared to 2007. In the fourth quarter of 2008, ACE sales decreased by 10.4% mainly due The Netherlands and Asia. The Asian agencies business, focused on the sales of luxury goods through retail shops, was impacted by lower store traffic resulting from the economic environment.

Sales in The Netherlands suffered, on top of the global environment, from high sales in the last quarter of 2007 following the launch of the LCD flat TV screen. In Australia, sales decreased as a consequence of deteriorating market conditions.

Operating income before other income and other expenses (EBITA) improved significantly due to the combination of the good performance of ACE and Chile, and to the cost control in corporate holdings.

7. Liquidity and capital resources

Pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this *Document de Référence:*

– the description of the Rexel Group liquidity and capital resources for the year ended December 31, 2007 which is included in pages 88 to 100 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 30, 2008, under number R.08-046; and

– the description of the Rexel Group liquidity and capital resources for the year ended December 31, 2006 which is included in pages 110 to 124 of the *Document de Base* filed by Rexel with the *Autorité des marchés financiers* on February 21, 2007 under number I.07-011.

The information of these documents that is not incorporated by reference in this *Document de Référence* is either irrelevant for the investor or is covered in another section of this *Document de Référence.*

7.1 CASH FLOW AS AT DECEMBER 31, 2008 AND DECEMBER 31, 2007

The following table sets out Rexel's cash flow for the quarters and years ended December 31, 2008 and December 31, 2007.

(in millions of euros)		Year ended December 31, 2008	Year ended December 31, 2007
Operating cash flow [1]		664.1	704.0
Interest	(a)	(186.7)	(217.7)
Taxes	(a)	(109.8)	(41.8)
Changes in working capital requirements		133.7	(13.0)
Cash flow from operating activities	**(b)**	**501.3**	**431.5**
Cash flow from investing activities		**(1,476.1)**	**(184.2)**
Including operating capital expenditures [2]	*(c)*	*(8.7)*	*(20.6)*
Cash flow from financing activities		**1,220.8**	**(200.9)**
Net cash flow		**246.0**	**46.4**
Free cash flow			
– before interest and taxes (b) – (a) + (c)		**789.1**	**670.4**
– after interest and taxes (b) + (c)		**492.6**	**410.9**
WCR, as a percentage of sales [3]		**12.0%**	**14.1%**
WCR, as a percentage of sales [3]**, on a constant basis**		**12.0%**	**13.0%**

(1) Before interest, taxes and changes in working capital requirements.
(2) Net of disposals.
(3) Working capital requirement at year-end, divided by the last twelve months sales.

7.1.1 Cash flow from operating activities

Rexel's cash flow from operating activities was an €501.3 million inflow in the year 2008 compared to €431.5 million in 2007. In the fourth quarter of 2008, cash flow from operating activities amounted to a €248.7 million inflow compared to a €196.9 million inflow in the fourth quarter of 2007.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €704.0 million in the year 2007 to €664.1 million in the year 2008. The operating income before depreciation, other income and other expenses (EBITDA) increased from €725.4 million in the year 2007 to €732.5 million in the year 2008. The additional EBITDA related to the integration of Hagemeyer entities was partially offset by the sharp fall of copper price observed in the fourth quarter of 2008. Restructuring and integration costs incurred in 2008 amounted to €55.5 million, compared to €16.0 million in the year 2007.

Interest and taxes

In the year 2008, interest paid amounted to €186.7 million compared to €217.7 million in 2007. The 2007 cash-out included €89.6 million in respect of the redemption

premium for the Senior Subordinated Notes pursuant to the refinancing operations following the initial public offering of Rexel, paid on April 4, 2007. From the second quarter of 2008, interest paid reflects the terms of the new Senior Credit Agreement entered into for the Hagemeyer transaction.

In the year 2008, €109.8 million income taxes were paid compared to €41.8 million paid in the year 2007. The second quarter of 2007 included a non-recurring tax refund from the French authorities for an amount of €53.4 million.

Changes in working capital requirement

Cash generated by changes in working capital requirement amounted to €133.7 million in the year 2008 compared to €13.0 million used in 2007. As a percentage of the last twelve month sales, the working capital requirement decreased from 13.0% at December 31, 2007 on a constant basis to 12.0% at December 31, 2008. At the end of 2008, working capital includes the effect of the decrease in copper-based cables for an estimated 60 basis points, i.e. a 12.6% level before such decrease. The remaining 40 basis points improvement corresponds to the adaptation of the Rexel Group's working capital to a lower level of activity from the fourth quarter onwards.

7.1.2 Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities amounted to a €1,476.1 million outflow in 2008 compared to a €184.2 million outflow in 2007.

(in millions of euros)	Year ended December 31,	
	2008	2007
Acquisitions of operating fixed assets [1]	(8.7)	(20.6)
Acquisitions of financial fixed assets [1]	(2,321.0)	(111.9)
Net change in long-term investments	853.6	(51.7)
Net cash flow from investment activities	(1,476.1)	(184.2)

(1) Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisitions of operating fixed assets, net of disposals, were a €8.7 million outflow in the year 2008 compared to a €20.6 million outflow in 2007.

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 the year 2008 amounted to €88.1 million and mainly related to a sale and leaseback transaction in the year 2008, on 7 logistic centers 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.

In 2007, gross capital expenditures amounted to €82.5 million, *i.e.* 0.8% of the sales of the period, including €29.3 million related to IT systems, €26.6 million to the renovation of existing branches and the opening of new branches, €24.9 million to logistics and €1.7 million to other investments. Disposals of fixed assets amounted to €52.1 million, mainly including a sale and leaseback transaction of commercial premises in Switzerland for an amount of €45.8 million (€42.0 million net of related taxes). Net changes in the related payables and receivables amounted to €9.8 million, accounting for a reduction in the capital expenditures of the period.

Financial investments

Rexel's net financial investments represented a net outflow of €2,321.0 million in 2008 compared to €111.9 million in 2007.

In 2008, outflows in respect of financial investments mainly concerned the completion of the Offer for an amount of €3,082.2 million net of cash acquired. The Assets Sales in June 2008 resulted in an inflow of €732.0 million. The net proceeds resulting from the Assets Swaps 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, of ABM, a Hagemeyer entity, for €11.2 million, as well as 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.

In 2007, financial investments included mainly a price adjustment paid in March 2007 and related to the acquisition of GE Supply for US $9.7 million (€7.8 million) and the acquisition of APPRO 5 in France for €6.7 million, Clearlight Electrical in the United Kingdom for £5.3 million (€7.8 million), Tri-Valley Electric Supply in the United States for US $1.5 million (€1.2 million), Boutet in Belgium for €6.8 million and EIW in Australia for Australian $132.8 million (€84.8 million). Financial investments also included the acquisition of the Rexel Distribution subsidiary shares in accordance with liquidity agreements on share option plans from 2002 to 2003, in an amount of €3.9 million. In 2007, Rexel also disposed of the business of the company Kontakt Systeme for a net amount of €4.9 million.

Changes in long-term investments

Net cash from changes in long term investments represents a net inflow of €853.6 million in 2008 compared to a net outflow of €51.7 million in 2007.

Net cash recorded in 2008 mainly concerned the intercompany loan repayment from the Sonepar entities for an amount of €852.4million.

Net cash used in 2007 mainly reflected the acquisition of Hagemeyer shares for an amount of €56.6 million (including transaction costs), which represent 1.8% of the total share capital of Hagemeyer.

7.1.3 Cash flow from financing activities

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

In 2008, financing activities accounted for a €1,220.8 million inflow. 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 existing debt as at the acquisition date for €260.0 million. Following the sale to Sonepar of non-retained Hagemeyer entities in June 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. Repayments of finance lease liabilities amounted to €66.3 million. The outstanding securitization amount increased by €354.0 million, as a result of the implementation of the new programme in December 2008. Furthermore, in June 2008, a dividend of €0.37 per share was paid to the shareholders, in a total amount of €94.4 million.

In 2007, financing activities accounted for a €200.9 million outflow. The net proceeds from the initial public offering in the second quarter of 2007 were €1,005.0 million. Rexel contracted a new 2007 Senior Credit Agreement that permitted, together with the proceeds from the initial public offering, to repay in full the 2005 Senior Credit Agreement and the Senior Subordinated Notes. After an additional repayment in the third quarter, these operations resulted in an overall outflow of €1,212.9 million. Repayments of finance lease liabilities amounted to €26.9 million. Finally, various other changes resulted in a €33.9 million net inflow.

7.2 SOURCES OF FINANCING OF THE REXEL GROUP

In addition to the cash from operations and equity, the Rexel Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At December 31, 2008, Rexel's consolidated net debt amounted to €2,932.0 million, and was made up as follows:

(in millions of euros)	December 31, 2008			December 31, 2007		
	Current	Non current	Total	Current	Non current	Total
Senior subordinated notes and indexed bonds	–	–	–	54.8	–	54.8
Senior credit facility	178.2	2,225.9	2,404.1	–	960.6	960.6
Securitization	–	1,255.0	1,255.0	–	1,012.1	1,012.1
Bank loans	5.2	3.7	8.9	5.9	5.0	10.9
Bank overdrafts and other credit facilities	91.4	–	91.4	45.1	–	45.1
Finance lease obligations	9.6	17.4	27.0	16.9	37.5	54.4
Less transaction costs	–	(47.4)	(47.4)	–	(16.1)	(16.1)
Total financial debt and accrued interest	**284.4**	**3,454.6**	**3,739.0**	**122.7**	**1,999.1**	**2,121.8**
Cash and cash equivalents			(807.0)			(515.2)
Net financial debt			**2,932.0**			**1,606.6**

Rexel's consolidated net indebtedness as at December 31, 2008 included in particular:

- the Senior Credit Agreement, in an aggregate amount of €2,404.1 million;
- securitization programs, in an amount of €1,255.0 million as at December 31, 2008;
- other indebtedness, including in particular direct financing leases in the amount of €27.0 million as at December 31, 2008; and
- cash and cash equivalents in the amount of €807.0 million as at December 31, 2008.

7.2.1 Senior Credit Agreement

Within the context of the Offer, Rexel, as borrower and guarantor, and Kelium, as borrower, entered into a €5.4 billion credit agreement on December 19, 2007 (the **"Senior Credit Agreement"**) with Calyon, Crédit Industriel et Commercial (CIC), HSBC France, HSBC Bank plc, ING Bank NV, Natixis and The Royal Bank of Scotland Plc, as Mandated Lead Arrangers and Original Lenders, and Calyon, as Agent. The Senior Credit Agreement had been entered into to finance the Offer, refinance the entirety of the Rexel Group's debt under the senior credit agreement entered into on February 15, 2007 on the settlement and delivery date of the Offer, refinance the Hagemeyer group's debt and finance the general operating requirements of the Rexel Group companies. On March 14, 2008, Rexel Distribution SA, Rexel North America Inc., International Electric Supply Corp., General Supply and Services Inc, and Rexel Inc., subsidiaries of Rexel, acceded to the Senior Credit Agreement as borrowers.

On September 22, 2008, an amendment to the Senior Credit Agreement was entered into. The amendment aims at including a new Facility A' and provides for the following amendments to the Senior Credit Agreement: (i) the maximum total amount of the banks' undertaking was reduced by €5.4 billion, down to €3.3 billion and (ii) a new Facility A' was created, for a maximum amount of €60 million, with the same terms and conditions as Facility A, with the exception of the compulsory repayment in priority of Facility A' with part of the proceeds of the securitization program which has been set up with certain subsidiaries of the Rexel Group.

Initially, the Senior Credit Agreement included four Facilities:

- Facility A, which is a multi-currency partly redeemable credit facility with a five-year term as from the execution date of the Senior Credit Agreement, *i.e.,* December 19, 2012, in a maximum initial amount of €3.1 billion which has allowed to refinance Rexel's existing debt (in principal, interest and premiums) under the senior credit agreement entered into in 2007, finance the acquisition of the Hagemeyer securities, ensure the refinancing of Hagemeyer's debt and that of its subsidiaries and pay the expenses and charges relating to Offer;
- Facility B, which is a multi-currency revolving credit facility with a five-year term as from the execution date of the Senior Credit Agreement, *i.e.,* December 19, 2012, in a maximum initial amount of €600 million allocated to financing the general operating requirements of the Rexel Group companies, in particular working capital requirements, and finance certain acquisitions that meet the criteria set forth in the Senior Credit Agreement;

– Facility C, which was a multi-currency credit facility with a six-month term as from the settlement and delivery date of the Offer, *i.e.,* at the latest on September 14, 2008 (which may be extended for an additional six-month term), in a maximum initial amount of €1.2 billion which was reduced to €737 million upon the initial drawing. As Facility C was reserved for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating to the Offer, it was to be repaid in priority with the proceeds of the Assets Sales; and

– Facility D, which is a multi-currency credit facility with a two-year term as from the settlement and delivery date of the Offer, *i.e.,* March 14, 2010, in a maximum initial amount of €500 million. As Facility D was reserved for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating to the Offer, it must be repaid, in particular, with the proceeds of the Assets Sales and part of the proceeds of new securitization programs which have been set up by the Rexel Group.

The Senior Credit Agreement has been used, and amended, as follows:

– Facility A has been drawn in Euros, US dollars, Canadian dollars, Swedish crowns and Swiss francs, by €2,257.8 million, to refinance Rexel's existing debt under the senior credit agreement entered into in 2007, part of the existing debt of Hagemeyer, and finance the acquisition of the Hagemeyer securities. Further to the Assets Sales, Facility A has been repaid in an amount of €783 million (€571 million on June 19, 2008 and €212 million on July 1, 2008). Furthermore, in August 2008, Facility A has been reduced by €60 million;

– Facility A' was created in August 2008 for a nominal amount of €60 million, simultaneously with the deduction of the same amount from the amount outstanding under Facility A. The creation of this Facility A' therefore had no impact on the financed outstanding amount. It has the same main characteristics than Facility A, and must be repaid in priority on such Facility A. Facility A' has been drawn by €60 million;

– Facility B has not been used since its creation. In August 2008, the maximum amount of this Facility B has been reduced by €15 million, resulting in a total amount of €585 million;

– Facility C has been initially drawn by an amount of €737 million for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating to this transaction. It has been repaid in full in June 2008 by the proceeds of the Assets Sales; and

– Facility D has been initially drawn by €479.2 million for the financing of the acquisition of the Hagemeyer securities and paying the expenses and charges relating to this transaction. Further to the Assets Sales, Facility D has been partly repaid in an amount of €92 million on June 19, 2008 and €38 million on July 1, 2008. On December 19, 2008, the Rexel Group partly repaid this Facility D for an amount of €277.6 million, further to the reception of the proceeds of the new securitization program. Finally, on December 29, 2008, the Rexel Group cancelled €6.1 million of available undrawn credit on this Facility D. The balance of the amount drawn was fully repaid on March 26, 2009.

Interest and margin

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

Applicable margin in 2008 for Facilities A, A' and B amounted to 1.75%. As Facility B, a revolving credit line, is not used, it is charged a non-use fee equal to 35% of the applicable margin.

Since the beginning of 2009, the applicable margin varies in accordance with the Indebtedness Ratio (as defined below) calculated every half-year. The first calculation is based on the consolidated financial statements for the financial year ended December 31, 2008.

Indebtedness Ratio	Applicable margin
In excess of or equal to 4.50:1	2.00%
In excess of or equal to 4.00:1	1.75%
In excess of or equal to 3.50:1	1.40%
In excess of or equal to 3.00:1	1.10%
In excess of or equal to 2.50:1	0.90%
Less than 2.50:1	0.75%

The applicable margin for Facility C amounted to 0.80% until May 1, 2008 (1.20% thereafter), and the applicable margin for Facility D amounted to 1.00% until March 14, 2009 (2.00% thereafter).

Indebtedness ratio

The Indebtedness ratio is equal to the adjusted consolidated net debt relative to the consolidated EBITDA for the last 12 months adjusted as set out below.

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Rexel 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 Rexel Group's participation;

– Includes proceeds relating to commodity price derivatives to hedge exposure to the price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;

– Excludes expenses relating to employee profit sharing and any share based payments or the grant of share subscription options;

– Excludes restructuring costs relating to the integration of Hagemeyer; and

– Is adjusted to reflect the non-recurring impact on the Rexel Group's consolidated EBITDA related to the price of copper in cables.

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

– Less transaction costs, intra-group loans and amounts payable under Facility C;

– Plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;

– Plus accrued interest, including capitalized interest but excluding accrued interest on intra-group loans;

– Minus cash and cash equivalents.

Financial undertakings and covenants

Under the Senior Credit Agreement, Rexel must, at each of the dates indicated below, maintain an Indebtedness Ratio below the following levels:

Dates	Indebtedness Ratio
December 31, 2008	4.75:1
June 30, 2009	4.75:1
December 31, 2009	4.50:1
June 30, 2010	4.25:1
December 31, 2010	3.90:1
June 30, 2011 and thereafter	3.50:1

As of December 31, 2008, the Indebtedness Ratio stood at 3.60x, compared with a commitment of 4.75x under the Senior Credit Agreement. Therefore, Rexel complied with its commitment under the Indebtedness Ratio.

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

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

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

A pledge over the 9,999 Kelium shares (*i.e.,* 99.99% of the share capital of Kelium), on the one hand, and a pledge over all of the Hagemeyer shares and convertible bonds held by Kelium (*i.e.,* 585,045,822 shares, or 99.13% of the share capital of Hagemeyer and 133,965 convertible bonds, or 100% of the convertible bonds), on the other hand, have been granted by Rexel Distribution and Kelium, respectively, under the Senior Credit Agreement. Rexel and Rexel Distribution guarantee, on a joint basis, all of the obligations of the Rexel Group subsidiaries which are acting as borrower under the Senior Credit Agreement. In addition, certain U.S. and Canadian entities guarantee the obligations of Rexel in accordance with applicable laws.

7.2.2 Securitization programs

The Rexel Group has several securitization programs, which enable it to obtain financing at a lower cost than issuing bonds or bank loans. The Rexel Group set up a securitization program in the United States in 2003 which was amended in 2006 and that matures in 2012. In 2005, the Rexel Group established two new programs for France and Canada for a period of seven years.

In 2006, the Rexel Group modified its French program to include receivables relating to its operations in Germany, Australia and the United Kingdom.

In 2006, the United States program was also amended in order to include receivables for GE Supply, which was acquired during the year.

In April 2008, in the scope of the agreements with Sonepar for the acquisition of Hagemeyer, the operating subsidiary Rexel Germany was removed from the Pan European program in order to be transferred to Sonepar.

On December 17, 2008, the Rexel Group launched a new securitization program, including the Retained Entities in the United Kingdom, Germany, Spain, Belgium and The Netherlands, as well as Rexel's historical subsidiaries in Spain, Belgium and The Netherlands. This program, of a maximum amount of €600 million, has a term of 5 years.

The main characteristics of these programs are summarized below:

Program		Commitment	Amount of receivables pledged on December 31, 2008	Amount drawn on December 31, 2008	Outstanding amount on December 31, 2008	Outstanding amount on December 31, 2007	Maturity date	On-going cost of funding
		(in millions of currency)			(in millions of euros)			
2005 Europe-Australia	EUR	600.0	751.5	589.7 EUR	589.7	596.0	20/11/2012	BT & EUR Commercial Paper +0.48%
United States	USD	470.0	670.3	454.7 USD	326.7	319.2	11/03/2012	US Commercial Paper +0.33%
Canada	CAD	140.0	235.3	125.5 CAD	73.8	96.9	13/12/2012	Canadian Commercial Paper +0.45%
2008 Europe	EUR	600.0	184.7 151.5	146.2 EUR 113.0 GBP	264.8	–	20/11/2012	BT & Euro/US Commercial Paper +0.86%
TOTAL					**1,255.0**	**1,012.1**		

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 are 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. Only this latter amount is 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.

These programs set out certain contractual obligations concerning the quality of the receivables portfolio, in particular with respect to dilution (receivables subject to a credit note in relation to the total amount of eligible receivables), defaults and arrears (ratios of receivables in arrears or doubtful receivables to eligible trade receivables). As of February 28, 2009, the relevant subsidiaries were in compliance with all contractual obligations relating to the securitization programs.

The ratios to be respected under the securitization program for France, Germany, Australia and the United Kingdom include:

- dilution ratio: receivables subject to a credit note/total net amount of eligible receivables at the end of the month, equal to or less than 3.0%;
- arrears ratio: rate of receivables in arrears of more than 60 and up to 90 days/total amount of eligible receivables at the end of the month, equal to or less than 1.1%;
- default ratio: tranches of receivables in arrears of more than 90 days at the end of the month plus disputed receivables/amount of eligible receivables, equal to or less than 1.03%;
- ratio of late payment on accounts payable: tranches of accounts payable of more than 31 days at the end of the month/amount of accounts payable, equal to or less than a specific level for each of the six subsidiaries participating in the program.

Rexel Distribution provides a performance guarantee on behalf of its subsidiaries under this program.

The first three ratios are calculated on the basis of a three-month rolling average.

The ratios to be respected under the United States securitization program include:

- default ratio: (tranche of receivables in arrears of more than 91 days + receivables of insolvent debtors + receivables becoming disputed during the month)/total amount of receivables at the end of the month, equal to or less than 9.5%;
- arrears ratio: tranche of receivables in arrears of 61 to 90 days/total amount of eligible receivables at the end of the month, equal to or less than 4.75%;
- credit ratio: amount of receivables subject to full or partial depreciation or disputed during the month/total amount of receivables at the end of the month, equal to or less than 6.0%;

– three-month rolling average default ratio, equal to or less than 8.75%;

– three-month rolling average late payment ratio, equal to or less than 4.25%;

– three-month rolling average credit ratio, equal to or less than 5.0%;

– coverage ratio: amount of receivables portfolio (eligible or not)/amount of financing plus amount of reserves must be equal to or higher than 108%; and

– ratio of selling days equal to or less than 66 days.

Rexel, Inc. must also have shareholders' equity at least equal to 10% of the receivables portfolio.

The ratios to be respected under the Canadian securitization program include:

– default ratio: (tranche of receivables in arrears of at least 91 days and less than 180 days + receivables becoming disputed during the month)/total amount of receivables issued in months m-6, m-5 and m-4, less than or equal to 6.5%;

– late payment ratio: tranche of receivables in arrears of more than 60 days and less than 91 days/total amount of receivables at the end of the month, equal to or less than or equal to 8.25%;

– credit ratio: amount of receivables subject to full or partial depreciation or disputed during the month/total amount of gross billings generated during month m-2, less than or equal to 10%;

– loss ratio: amount of receivables subject to full impairment during the month/total amount received during the month, less than or equal to 1.0%;

– the highest of the average default ratios for any three consecutive months during the last 12 months, less than or equal to 5.0%; and

– three-month rolling average credit ratio, less than or equal to 9.15%.

The ratios to be respected under the securitization program (Germany, the United Kingdom, Spain, Belgium and The Netherlands) include:

– dilution ratio: receivables subject to a credit note/total net amount of sales corresponding to such credit notes, equal to or less than 7.5%;

– arrears ratio: rate of receivables in arrears of 60 to 90 days/total amount of sales corresponding to such arrears, equal to or less than 4.7%;

– default ratio: tranches of receivables of more than 120 days at month-end plus disputed receivables/amount of sales corresponding to these arrears, equal to or less than 2.5%.

7.2.3 Other indebtedness

At December 31, 2008, the Rexel Group's other indebtedness included:

Financing leases

The Rexel Group's entered into direct financing leases relating to IT and real property assets, for a total amount of €27 million as at December 31, 2008.

Bond issuance

In 1998, Rexel Distribution entered into a €45.7 million (initially 300 million French francs) bond issuance comprising 300,000 zero-coupon bonds with a nominal value of €152.45, redeemable on May 11, 2008. Furthermore, in order to protect itself against the changes in the market value of the bonds, and ensure a redemption of the bond issuance at the level of its nominal value, Rexel Distribution had entered into a swap offering this protection in exchange for a quarterly interest payment at thee-month Euribor less 0.08%.

On May 11, 2008, Rexel Distribution redeemed this bond issue at €183.8354 per bond, for a total amount of €55.75 million. Under the swap implemented, Rexel Distribution received an amount of €9.5 million corresponding to the net difference between the last interest payment at the rate of three-month EURIBOR minus 0.08% and the fair market value of the swap. Therefore, the net amount paid by Rexel under the redemption of the bond issue amounted to €45.7 million, corresponding to the nominal value of the bond issuance.

7.2.4 Contractual commitments

The following table sets forth the maturities of the Rexel Group's debts, leases and service agreements at December 31, 2008.

	Amount remaining due at December 31,					
(in millions of euros)	**Total**	2009	2010	2011	2012	Thereafter
Gross financial debt	**3,739.0**	272.3	328.9	264.5	2,598.0	275.3
Operating leases	**645.9**	169.4	131.7	100.5	73.8	170.5
Service agreements	**113.4**	23.6	23.8	23.8	23.8	18.4

7.2.4.1 Operating leases

The above table sets forth the minimum payments to be made under non-cancellable operating leases relating to buildings and installations, the term of which expires in more than one year.

Total expenses relating to operating leases amounted to €133.7 million for the year ended December 31, 2008.

7.2.4.2 Non-cancellable service agreements

As part of its policy of outsourcing IT resources, the Rexel Group has signed service agreements in the United States, France and Canada. In France, these agreements expire in 2012. In Canada and the United States, these agreements expire in 2014. They include payment commitments and penalties in the event of early termination. As at December 31, 2008, fees remaining due in respect of these IT services agreements amounted to €113.4 million.

7.2.4.3 Pension liabilities

Pension liabilities and other post-employment benefits at December 31, 2008 are described in note 18 to Rexel's consolidated financial statements for the year ended December 31, 2008 (see paragraph 14.1.1 of this *Document de Référence*). As at December 31, 2008, the Rexel Group's total obligations stood at €924.1 million and total fund assets at €728.7 million, corresponding to an overall funding deficit of €195.4 million.

7.2.4.4 Purchase price adjustments relating to the acquisition of subsidiaries

In connection with acquisitions, the Rexel Group could be required to pay purchase price adjustments. These are described in paragraph 2.4 of this *Document de Référence.*

7.2.4.5 Other contractual commitments

The Rexel Group has also provided guarantees in connection with certain transactions. As at the date of this *Document de Référence,* no sums had been claimed with respect to these warranties.

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 Rexel 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 €4.0 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 Rexel 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 Schrack and its subsidiaries

In accordance with the agreement for the sale of Schrack and its subsidiaries with Hannover Finance in 2005, the Rexel Group granted tax liability warranties to the acquirer. In the event the Rexel Group fails to honour its commitments, Hannover Finance will have the right to request a price reduction for the purpose of covering possible liabilities. The warranties expire 48 months after August 31, 2005, and are limited to €7 million, with a minimum threshold of €0.1 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 Systeme, which occurred on June 4, 2007 and August 24, 2007, the Rexel Group granted the acquirer a warranty limited to CHF 2.3 million (*i.e.,* €1.4 million) for a period of 18 months which expired, with the exception of disputes relating to tax and employment matters with respect to which the warranty ends at the end of the limitation period.

Distribution agreement

In 2006, Rexel entered into an agreement with one of its key suppliers that requires minimum product purchases of US $1.1 billion (*i.e.,* €820 million) over the agreement's three year term. As at December 31, 2008, open commitments for the Rexel Group were €0.3 billion. The agreement contains cure periods for volume shortfalls and provisions that protect the Rexel Group against conditions outside its control. Committed volumes are in line with historic annual levels.

8. Trend information

The trends and objectives presented in this Chapter have been determined on the basis of data and assumptions considered reasonable by the Rexel Group's management. These data and assumptions may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment. In addition, the occurrence of certain of the risks described in Chapter 4 of this Document de Référence could have an impact on the activity, the financial situation, and the results of the Rexel Group and its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following trends and objectives will be met.

8.1 BUSINESS TRENDS

In 2008, Rexel recorded full year sales of €12,861.6 million, up 20.2% on a reported basis. On a constant basis and same number of working days, 2008 sales were down 0.8% in the full year. While year-to-end-September sales were up 1.6%, the global economic downturn led to a marked slump in the fourth quarter (–6.7%) of which the sharp drop in copper-based cables price accounted for approximately one third. On a pro forma basis, the 2008 consolidated sales amounted to €13,735 million.

The table below analyzes the quarterly change in sales between the years 2007 and 2008, on a constant basis and same number of working days:

	2008 growth vs. 2007				
	Q1	Q2	Q3	Q4	YTD
Rexel Group	3.1%	1.7%	0.4%	(6.7)%	(0.8)%
of which Europe	*3.7%*	*1.4%*	*0.6%*	*(6.5)%*	*(0.7)%*
of which North America	*1.2%*	*(0.2)%*	*(1.1)%*	*(7.9)%*	*(2.2)%*
of which Asia-Pacific	*8.2%*	*8.7%*	*5.7%*	*0.6%*	*5.9%*

In 2009, Rexel anticipates that the macroeconomic environment trends may be as follows:

- In Europe, a market tightening the intensity of which may vary from one country to another;
- In North America, a lacklustre demand in the industrial and commercial markets in Canada and a recession in the United States. Rexel does expect a reversal of the residential market before the end of 2009 or the beginning of 2010 in the United States;
- In Asia-Pacific, a moderate growth of the industrial market and a tightening of the commercial market.

8.2 OUTLOOK

8.2.1 2009-2011 outlook

In the *Document de Référence* filed with the *Autorité des marchés financiers* (AMF) on April 30, 2008 with number R.08-046, Rexel estimated that the Rexel Group's objectives by 2011, on the basis of the assumptions described in paragraph 12.2.1 of the said *Document de Référence,* were as follows:

- revenue compound average growth of 4% to 6%, compared to Restated sales of €13,816 billion in 2007, with at least half of this growth coming from organic development;
- an adjusted EBITA margin increase of at least 100 basis points from a 2007 Restated level of 5.2%. This improvement would be achieved through:
  - the implementation of the measures described in paragraph 3.4 of this *Document de Référence*;
  - expected synergies from acquisitions completed before 2008, particularly the acquisition of Gexpro;
  - the post-acquisition synergies described in paragraphs 2.2 and 2.4 of this *Document de Référence*, expected in particular after the integration of assets resulting from the Hagemeyer acquisition, and the disposals described in the same paragraph of this *Document de Référence;*
- an improvement of working capital requirements as a percentage of sales to 12.5%, representing a 70 basis points decrease from a Restated level of 13.2% as at December 31, 2007, after neutralization of Rexel 2007 non-recurring events and of the impact of expenses related to the change of control of Hagemeyer; and
- a significant reduction of the net debt to EBITDA ratio, from a level of 4.0x on a Restated basis as at December 31, 2007, down to a level ranging between 2.0x and 3.0x.

Given the extent of the deterioration of the macroeconomic environment, Rexel believes that these objectives are no longer adapted to its financial and economic situation. In addition, Rexel intends to focus on the generation of cash flow and the optimization of the working capital, the improvement of productivity and organic growth opportunities.

8.2.2 Rexel Group's outlook

Given the sharp deterioration of the economy, Rexel anticipates a marked drop in 2009 sales, reflecting the combined effect of volume declines and a lower copper price.

In this challenging environment, management's priority is to defend profitability, continue to deleverage the balance sheet and anticipate growth opportunities. Rexel is therefore taking strong actions in 2009 to:

- Accelerate the cost adjustments initiated in 2007-2008 through a cost saving plan of at least €110 million currently being implemented;
- Maximize net cash flow, continuing to focus on working capital, reducing gross capital expenditure by 25% and suspending the payment of a dividend; and
- Continue to capture targeted development opportunities in fast growing segments such as energy efficiency solutions, public projects and key accounts.

9. Profit forecasts or estimates

The following forecasts were established on the basis of EC Regulation N° 809/2004 of April 29, 2004 and CESR recommendations relating to forecasts. They are based on data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown by the Rexel Group as at the registration date of this Document de Référence. In addition, the occurrence of certain of the risks described in Chapter 4 "Risk Factors" of this document could have an impact on the activity, the financial situation, and the results of the Rexel Group and its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the forecasts discussed below will be achieved.

These forecasts were prepared on the basis of accounting principles adopted by the Rexel Group to prepare its consolidated financial statements for the financial years ended December 31, 2007 and 2008, respectively.

9.1 REXEL GROUP FORECASTS FOR 2008

In the *Document de Référence* filed with the *Autorité des marchés financiers* on April 30, 2008 with number R.08-046, on the basis of the assumptions described in paragraph 13.2.1 of the said *Document de Référence,* Rexel anticipated for 2008:

- A limited revenue growth, including bolt-on acquisitions, compared to 2007 Restated revenue of €13,017 billion, reflecting less dynamic macroeconomic conditions than in 2007;
- An Adjusted EBITA margin comparable to 2007 Restated level of 5.4%;
- An improvement in working capital requirements on track to reach the mid-term objective set forth in paragraph 12.2.2 of said *Document de Référence;* and
- A strengthening of the financial structure with a reduction in the net debt to EBITDA ratio on track to reach the mid-term objective set forth in paragraph 12.2.2 of said *Document de Référence.*

In addition, upon the publication of its results for the third quarter of 2008 and as of September 30, 2008, Rexel anticipated for 2008:

- Revenue to be flat or slightly below last year, on a constant basis and same number of working days;
- Adjusted EBITA margin around the 2007 level of 5.4% restated in order to take into account the completion of the Offer, of the Assets Sales and Assets Swaps and of the divestment of Hagemeyer's electrical distribution activities in Ireland.

Based on the consolidated financial statements of Rexel for the financial year ended December 31, 2008, Rexel's consolidated sales amounted to €12,861.6 million, a 0.8% decrease on a constant basis and same number of working days. Adjusted EBITA Margin remained stable at 5.4%, the working capital requirements represented 12.6% of the sales as at December 31, 2008 and the net indebtedness ratio calculated as per the 2008 Senior Credit Agreement covenant stood at 3.60x compared to 4.0x as at December 31, 2007. As a consequence, Rexel is in line with the udpated objectives made during the 2008 financial year.

9.2 REXEL GROUP FORECASTS FOR 2009

Given the uncertainties relating to the change in the market situation, Rexel does not give forecasts with respect to the sales and EBITA margin levels for 2009.

Building on its recently enhanced market leadership, Rexel is committed to protecting its margins and continuing to generate strong operating cash flow. Management is confident that Rexel will emerge stronger from the current economic downturn.

10. Management and Supervisory Bodies

Rexel is a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board.

10.1 MANAGEMENT BOARD

10.1.1 Composition of the Management Board

In accordance with the provisions of the by-laws (article 14 of the by-laws), the Management Board is made up of a minimum of two members and a maximum of four members.

Its members are appointed by the Supervisory Board for a term of office of four years. The age limit for serving as Management Board member is 65.

As of the date of this *Document de Référence,* the Management Board comprised the following three members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Jean-Charles Pauze 189-193, boulevard Malesherbes 75017 Paris 60 years old	Chairman of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	**Current titles and duties:** – Chairman and Chief Executive Officer of Rexel Distribution – Director of Rexel France S.A.S. – Chairman of Rexel North America, Inc. – *Geschäftsführer* (manager) of Rexel Central Europe Holding GmbH – *Geschäftsführer* (manager) of Rexel GmbH – Director and Chairman of International Electric Supply Corp. – Director of General Supply & Services, Inc. – Director of Rexel Senate Limited – *Geschäftsführer* of Galatea Einhundertvierzigste Vermögensverwaltungs GmbH **Titles and duties exercised over the course of the five last financial years:** – Chairman of the Supervisory Board of Hagemeyer – *Geschäftsführer* (manager) of Rexel Deutschland Elektrofachgrosshandel GmbH – Director of Rexel, Inc. – Director of Rexel Belgium S.A. – Chairman of Rexdir S.A.S.	**Current titles and duties:** – Director of Redcats – Director of Discodis **Titles and duties exercised over the course of the five last financial years:** – Chairman of the Board of Directors of Guilbert S.A. – Chairman of Guilbert Groupe Service S.A. – Chairman and Chief Executive Officer of Guilbert France S.A. – Chairman and Chief Executive Officer of Reliable S.A. – Director of Bernard S.A. – Director of GIE Guilbert Boise Network – Director of CFAO

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Pascal Martin 189-193, boulevard Malesherbes 75017 Paris 50 years old	Member of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	**Current titles and duties:** – Chairman of Citadel S.A.S. – Chairman of Bizline S.A.S. – Director of Comrex International Trading (Shanghai) Co. Ltd. – Director of Rexel Distribution – Director of Rexel Chile S.A. – Director of Rexel Electra S.A. – Director of Flores y Kersting – Director of Rexel China **Titles and duties exercised over the course of the five last financial years:** – Director of Rexel Inc. – Member of the Management Board of Hagemeyer – Chairman of Comrex Ouest S.A. – Chairman of Rexel Latin America S.A.S. – Director of General Supply & Services, Inc. – Director of International Electric Supply Corp – Director of Kelliher 1998, Ltd	
Jean-Dominique Perret 189-193, boulevard Malesherbes 75017 Paris 60 years old	Member of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	**Current titles and duties:** – Director of Rexel Material Electrico – Director of Rexel Senate Limited – Chairman of Rexel Latin America S.A.S. **Titles and duties exercised over the course of the five last financial years:** – Member of the Management Board of Hagemeyer	

Jean-Charles Pauze has served as a Member of the Management Board of Rexel since February 13, 2007. He began his career with Total in 1971. In 1974, he joined the Alfa Laval group. He was appointed CEO of that company in France in 1981 and CEO of its subsidiary Brand & Luebbe in Germany in 1984. He then moved to the Strafor Facom group as Chairman and CEO of Clestra-Hauserman in 1986 and Chairman and CEO of Steelcase Strafor in 1991. In 1998, Jean-Charles Pauze was appointed Chairman of the Management Board of Guilbert (PPR Group). From 2002 until 2004, he served as Chairman and CEO of the Rexel Group. Since 2005, he has acted as Chairman and CEO of Rexel Distribution. Jean-Charles Pauze graduated from IDN-EC Lille with an engineering degree. He holds a Masters of Science in Economics and a Master of Business Administration from INSEAD.

Pascal Martin has been a member of the Management Board of Rexel since February 13, 2007. He started his career in 1980 with Société Vosgienne de Coton Hydrophile. In 1981, he joined the Renault group in Orléans (France) as Head of the Methods Department. He was appointed Production Manager in 1983, Head of a Production Site Expansion Project in 1985 and Head of Technical Services in 1989. From 1992 to 2000, he served as Chief of International Operations (1992-2000), Group Human Resources Director (1993-1999) and Chairman and CEO of Steelcase S.A. International. Pascal Martin also held positions as Chairman and CEO of Airborne France (1994-2001) and CEO France of Steelcase Strafor France (1999-2000). He was appointed CEO of Guilbert France (PPR Group) in 2001 and Chairman of the Management Board of that company in 2002. He was named CEO of the Rexel Group Business Sector in 2003, Director of the Latin America region in 2004 and Senior Vice President, Business Development and Corporate Operations of Rexel Distribution in 2005. Since 2007, Pascal Martin has been a member of the Management Board and Business Development and Corporate Operations Manager of the Rexel Group. Pascal Martin holds an engineering degree from ENSAM and is a graduate of ICG.

Jean-Dominique Perret has been a member of the Management Board of Rexel since February 13, 2007. He began his career with Asea Brown Boveri in 1973. In 1975, he joined Schlumberger Services Pétroliers, where he held operational positions in the Middle East, Asia, Africa and South America as Profit Center Manager, Country or Regional Director and lastly, in January 1991, as Regional Director for Latin America. In 1993, he became Sales Engineering Director for Eastern Europe at Air Liquide. In 1994, he was promoted to Human Resources Director of several entities of the Air Liquide group. In 2001, Jean-Dominique Perret was appointed Senior Vice President, Group Human Resources within Rexel Développement. Since January 1, 2008, Jean-Dominique Perret carries out, in addition to his officership, the duties of Group Delegate for Latin America. Jean-Dominique Perret holds an engineering degree from ESIM and is a graduate of the *Institut de l'Administration des Entreprises* (IAE).

Nicolas Lwoff, member of the Management Board and Group Senior Vice President, Finance, Control and Legal Affairs, left the Rexel Group on February 12, 2009. Nicolas Lwoff was appointed to the Management Board of Rexel on February 13, 2007. For the year ended December 31, 2008, Nicolas Lwoff actively participated in the work of every Management Board meeting and took part in every decision that was voted on by the Management Board. On March 23, 2009, Rexel announced the appointment of Michel Favre as Group Senior Vice President, Finance, Control and Legal affairs, as well as his appointment to the Management Board of Rexel further to the shareholders' meeting of May 20, 2009.

10.1.2 Operation of the Management Board

The Management Board has broad powers to act in the name of Rexel in all circumstances within the scope of Rexel's corporate purpose and subject to those powers that have been expressly granted by law or the by-laws to the shareholders' meeting and the Supervisory Board or otherwise require prior authorization from the Supervisory Board. The Management Board is also vested with the following specific powers under applicable law and the by-laws:

- to convene general meetings;
- to carry out capital increases and/or to determine the terms and conditions of capital increases pursuant to a delegation of authority from the extraordinary general meeting;
- to carry out capital reductions pursuant to a delegation of authority from the extraordinary general meeting;
- to grant to employees of Rexel options to subscribe for or to purchase shares or to award free shares pursuant to the authorization of the extraordinary shareholders' meeting;
- to issue bonds with the option to delegate such power to the Chairman or to another member of the Management Board; and
- to modify the share capital of Rexel following the conversion of convertible bonds at any time, subscriptions to shares by tendering rights detached from compound securities giving the right to receive shares, the exercise of stock options or the payment of dividends in shares.

On February 13, 2007, the Management Board of Rexel adopted its own Rules of Procedure of which the purpose is, in accordance with applicable law, regulations and by-laws, to assign certain Management Board responsibilities between the Management Board members, to determine the organization and operation of the Management Board and to set out the rights and responsibilities of its members. It is not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Management Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Management Board

The Management Board is made up of at least two members and no more than four members, who are appointed by the Supervisory Board. The term of their appointment is four years.

Duties and powers of the Management Board

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may also at any time request that the Management Board submit a report on Rexel's management and ongoing operations. This report may be supplemented by interim financial information on Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews quarterly and half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, as the case may be, for violations of the provisions of the laws governing French *sociétés anonymes,* the by-laws or for negligence in their management, under the conditions and subject to the penalties provided by law.

The Management Board's Rules of Procedure sets forth those Management Board decisions that are subject to prior approval by the Supervisory Board under the terms of Rexel's by-laws. A list of such decisions is set out in paragraph 15.2.2 of this *Document de Référence.*

Division of responsibilities among Management Board members

Management Board members are responsible to Rexel or third parties, as the case may be, for any negligence in the performance of their duties. However, Management Board members may, with the Supervisory Board's authorization, divide management responsibilities amongst themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

Jean-Charles Pauze is the Chairman of the Management Board. As such, he is responsible for the administration and management of the Rexel Group, as well as its strategy and orientation. His mission also includes: developing the Rexel Group's business internationally and exercising hierarchical control over the employees of Rexel.

As a member of the Management Board, Pascal Martin is in charge of the following departments: marketing and commercial development; relationships with suppliers; IT systems; logistics and *supply chain;* large key international accounts; indirect purchases; strategic development; and mergers and acquisitions.

As a member of the Management Board, Jean-Dominique Perret is in charge of the following departments: human resources development; employee affairs; ongoing training and development; developing recruitment best practices; general services for the holding companies of the Rexel Group and the headquarters; general Rexel Group policies with respect to general services.

Also, as it deems appropriate, the Management Board may assign to one or more of its members, or to any person who is not a member, special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers.

Meetings of the Management Board

Whenever required for the best interests of Rexel, the Management Board meets when convened by its Chairman, at Rexel's registered office or at any other place specified in the meeting notice. If specified in the meeting notice, Management Board meetings may be held by videoconference or other forms of telecommunication.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member of the Management Board who is selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of more than one half of Management Board members in attendance. Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

Assessment of the Management Board

An assessment of the Management Board's operations is included as a separate item on the agenda at least once every year.

Information provided to the Management Board

The Chairman of the Management Board ascertains that a file containing all documents and information needed to review the items on the agenda of the Management Board meeting is sent to each member of the Management Board in a timely manner. In addition, members of the Management Board have the right to request any documents they deem necessary for a meeting, provided that they submit such requests within a reasonable time frame.

Furthermore, between meetings, members receive all appropriate information on events and transactions having a material impact on Rexel.

Charter for Management Board members

In the interest of good corporate governance, the Management Board's Rules of Procedure, to which each member of the Management Board is subject, contain a charter setting out the rights and responsibilities of the members of the Management Board.

10.2 SUPERVISORY BOARD

10.2.1 Composition of the Supervisory Board

In accordance with the provisions of Rexel's by-laws (article 19 of the by-laws), the Supervisory Board is made up of a minimum of five members and a maximum of 15 members. Its members are appointed by the Ordinary Shareholders' meeting for a term of office of five years.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

As of the date of this *Document de Référence,* the Supervisory Board was comprised of the following 11 members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Roberto Quarta Cleveland House 33, King Street London SWIY 6RJ United Kingdom 59 years old	Chairman of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	**Current titles and duties:** – Member of the Appointments Committee of Rexel – Chairman of the Compensation Committee of Rexel **Titles and duties exercised over the course of the five last financial years:** – President and member of the Board of Directors of Ray Holding S.A.S. (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S. – Director of Rexel Distribution – President of Ray Acquisition S.C.A. (which became Rexel Développement)	**Current titles and duties:** – Partner of Clayton, Dubilier & Rice – Chief Executive Officer of Clayton, Dubilier & Rice Limited – Chairman of Italtel S.p.A – Non-executive Director of BAE Systems Plc **Titles and duties exercised over the course of the five last financial years:** – Chairman of BBA Group Plc – Non-executive director of Equant NV – Non-executive director of PowerGen Plc – Non-executive director of Azure Dynamic Corp

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Patrick Sayer 32, rue de Monceau 75008 Paris 51 years old	Deputy Chairman of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	**Current titles and duties:** – Chairman of the Appointments Committee of Rexel – Member of the Strategic Committee of Rexel **Titles and duties exercised over the course of the five last financial years:** – Director of Rexel Distribution – Member of the Board of Directors of Ray Holding SAS (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S.	**Current titles and duties:** – Chairman of the Management Board of Eurazeo – Deputy Chairman of the Management Board of ANF – Director of Paris Saint-Germain Football – Director of Accor – General Manager of Immobilière Bingen – General Manager of Legendre Holding 11 – General Manager of Legendre Holding 8 – Chairman of the Advisory Board of APCOA Parking Holdings GmbH – Chief Executive Officer of Legendre Holding 19 – Director of Europcar Groupe SA – Director of Colyzeo Investment Advisors – Chairman of Eurazeo Partners – Permanent representative of ColAce SARL on the Supervisory Board of Groupe Lucien Barrière – Manager of Investco 3d Bingen – Member of the Board of Directors of Gruppo Banca Leonardo – Director and member of the Investment Committee of Euraleo – Member of the Board of Directors of Holdelis (previously named Legendre Holding 20) – Chairman of the Compensation and Appointments Committee of ANF – Chairman of the Assets Committee of ANF – Director of Elis – Director of the Grand Théâtre de Provence – Member of the Steering Committee of France Investissement – Member of the Strategic Committee of the Musée des Arts Décoratifs of Paris

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
				Titles and duties exercised over the course of the five last financial years: – Chairman and Deputy Chairman of the Supervisory Board of Groupe B&B Hotels – Director of Eutelsat SA – Director of Satbirds SAS (which became Eutelsat Communications) – Director of Ipsos – President of the Association Française des Investisseurs en Capital (AFIC) – Member of the Board of Directors of Lazard LLC – Chairman of the Board of Legendre Holding 18 – Chairman of the Board of BlueBirds Participations SA – Managing Partner of Partena – Director of IRR Capital – Co-Manager of BlueBirds II Participations SARL – Director of RedBirds Participations S.A. – Manager of Investco 1 Bingen – Chairman of the Supervisory Board of Fraikin Groupe – Permanent Representative of Lux Tiles SARL on the Management Board of Clay Tiles Sponsors – Deputy Chairman of the Supervisory Board of Financière Galaxie SAS – Deputy Chairman of the Supervisory Board of Galaxie SA – Member of the Supervisory Board of *Presses Universitaires de France* – Chairman of the Advisory Board of Perpetuum Beteiligungsgesellschaft GmbH (renamed APCOA Parking Holdings GmbH) – Chairman of the Supervisory Board of APCOA Parking AG
Eurazeo [1] 32, rue de Monceau 75008 Paris Represented by **Marc Frappier** 32, rue de Monceau 75008 Paris 35 years old	Member of the Supervisory Board	From August 1, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		**Current titles and duties:** – Deputy manager of the investment team of Eurazeo

(1) Eurazeo was co-opted by the Supervisory Board to replace Xavier Marin, who resigned from his duties of member of the Supervisory Board in July 2007. The co-option of Eurazeo as a member of the Supervisory Board was confirmed by Rexel's general shareholders' meeting held on May 20, 2008.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Luis Marini-Portugal 32, rue de Monceau 75008 Paris 37 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Compensation Committee of Rexel	Current titles and duties: – Member of the Management Board of Eurazeo – Member of the Management Board of Ray Investment – Director of Investments and member of the Executive Board of Eurazeo – Manager of Investco 4i Bingen – Director of Passerelles & Compétences – Manager of Eurazeo Entertainment Lux Sarl – Director of RedBirds Participations – General Manager of Ray France Investment Titles and duties exercised over the course of the five last financial years: – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat S.A. – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat Communications S.A. – Permanent representative of BlueBirds II Participations on the Board of Directors of SatBirds S.A.S. – Permanent representative of Whitebirds S.A.S., Director of Eutelsat S.A. – Director of Legendre Holding 17 – Director of Arabelle
David Novak Cleveland House 33, King Street London SWIY 6RJ United Kingdom 40 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Chairman of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Director of Rexel Distribution – Member of the Board of Directors of Ray Acquisition S.A.S.	Current titles and duties: – Director of Italtel S.p.A. – Member of the management committee of Ray Investment – Director of HD Supply – Director and Company secretary of Clayton, Dubilier & Rice
Guido Padovano 2, King Edward Street London, EC1A 1HQ United Kingdom 51 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Appointments Committee of Rexel – Chairman of the Compensation Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Member of the Board of Directors of Ray Holding S.A.S. – Member of the Board of Directors of Ray Acquisition S.A.S. – Director of Rexel Distribution	Current titles and duties: – Chairman of the Board of Directors of Grupo Convermex S.A. de C.V. – Member of the management committee of Ray Investment – Managing Director of Merrill Lynch Global Private Equity Titles and duties exercised over the course of the five last financial years: – Former member of the Board of Directors of Debenhams Plc – Former Chairman of the Board of Directors of Cremer S.A. – Former Chairman of the Board of Directors of Despegar.com, Inc.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Joseph L. Rice, III 375 Park Avenue 18th Floor New York, NY 10152 United States 75 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	**Titles and duties exercised over the course of the five last financial years:** – Member of the Board of Directors of Ray Acquisition S.A.S.	**Current titles and duties:** – Chairman of Clayton Dubilier & Rice – Director of Uniroyal Holding **Titles and duties exercised over the course of the five last financial years:** – Director of Brake Bros. – Director of Italtel S.p.A. – Member of the management committee of Ray Investment – Director of VWR International
Matthew Turner (1) 2, King Edward Street London, EC1A 1HQ United Kingdom 45 years old	Member of the Supervisory Board	From March 30, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	**Current titles and duties:** – Member of the Audit Committee of Rexel – Member of the Strategic Committee of Rexel	**Current titles and duties:** – Managing Director and Head of International of Merrill Lynch Global Private Equity – Director of Euromedic – Director of Integrated Dental Holdings Group Ltd. – Director of Partnership Education **Titles and duties exercised over the course of the five last financial years:** – Director of Loyalty Partners – Director of Retail Decisions – Director of Upperpoint Group – Director of Phadia – Director of Astron – Director of RAL Group
Fritz Fröhlich* Saschsenstr 25 42287 Wuppertal Germany 66 years old	Member of the Supervisory Board	From April 4, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	**Current titles and duties:** – Chairman of the Audit Committee of Rexel – Member of the Appointments Committee of Rexel	**Current titles and duties:** – Chairman of the Supervisory Board of Draka N.V. – Chairman of the Supervisory Board of Randstad Holding N.V. – Chairman of the Supervisory Board of Altana A.G. – Member of the Supervisory Board of Allianz Nederland Groep N.V. – Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH – Member of the Supervisory Board of ASML N.V. – Member of the Supervisory Board of Kempen & Co N.V. – Member of the Supervisory Board of Gamma Holdings N.V.

(1) Matthew Turner was co-opted by the Supervisory Board to replace Djamal Moussaoui, who resigned from his duties of member of the Supervisory Board on February 5, 2009. The co-option of Matthew Turner as a member of the Supervisory Board will be submitted for approval to Rexel's general shareholders' meeting to be held on May 20, 2009.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
François David* 6 rue August Bartholdi 75015 Paris 66 years old	Member of the Supervisory Board	From April 4, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	**Current titles and duties:** – Member of the Compensation Committee of Rexel – Member of the Strategic Committee of Rexel **Titles and duties exercised over the course of the five last financial years:** – Observer *(censeur)* of Rexel Distribution	**Current titles and duties:** – Chairman and Chief Executive Office of Coface – Chairman of the Board of Directors of Coface Services – Chairman of the Board of Directors of CofaceAssicurazioni (Italia) – Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany) – Member of the Board of Directors of Vinci – Member of the Supervisory Board of AREVA – Member of the Supervisory Board of Lagardère SCA – Director of the association Coface Trade Aid – President of Coface ORT – President of *La Librairie Electronique* (LLE) – President of *Centre d'études financières* – Chairman of Or Informatique **Titles and duties exercised over the course of the five last financial years:** – Member of the Board of Directors of EADS
Joe Adorjan* 7733 Forsyth Blvd Suite 730 Clayton MO 63105 United States 69 years old	Member of the Supervisory Board	From May 20, 2008 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2012	**Current titles and duties:** – Member of the Audit Committee of Rexel – Member of the Compensation Committee of Rexel – Member of the Strategic Committee of Rexel	**Current titles and duties:** – Chairman of Adven Capital Partners, Inc. – Partner of Stonington Partners, Inc. – Director of Patriot Coal Corporation – Director of Thermadyne Holdings Corporation – Director of Goss Graphic Systems, Inc. – Member of the Board of Directors of Saint Louis University – Member of the Board of Directors of Ranken Technical College – Chairman of the Hungarian-Missouri Educational Partnership

* Independent members of the Supervisory Board.

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007. He joined Clayton Dubilier & Rice in 2001. Roberto Quarta is Chairman of Italtel S.p.A. and a Non-Executive Director of BAE Systems Plc, the premier global defense and aerospace company. He served as Non-Executive Director of PowerGen Plc, a U.K. oil and gas company, and Non-Executive Director of Azure Dynamic Corp., which specializes in developing and manufacturing electric commercial vehicles. He has held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the College of the Holy Cross and also served as a trustee of that institution.

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007. He has also served as the Chairman of the Management Board of Eurazeo, one of the major European listed investment companies. Previously, he was a General Partner of Lazard Frères & Cie in Paris which he joined in 1982, and *Managing Director* of Lazard Frères & Co in New York, where he was worldwide manager in charge of medias

and technology. His private equity experience dates back to the creation of Fonds Partenaires that he supported from 1989 to 1993. He subsequently helped redefine the investment strategy of Eurazeo. Patrick Sayer is Deputy Chairman of the Supervisory Board of ANF, member of the Supervisory Board of Groupe Lucien Barrière and APCOA Parking AG, director of Accor group, Europcar Groupe SA, Elis, Grand Théâtre de Provence et Paris Saint-Germain (PSG), member of the Board of Gruppo Banca Leonardo and Euraleo (Italia), former Chairman (2006-2007) of the Association Française des Investisseurs en Capital (AFIC), member of the Streaming Committee of France Investissement, member of the Strategic Committee of the Musée des Arts Décoratifs of Paris. Patrick Sayer is a graduate of Ecole Polytechnique (1980) and Ecole des Mines de Paris (1982).

François David has served on the Supervisory Board of Rexel since April 4, 2007. François David was a civil administrator at the Department of External Economic Relations at the French Ministry of Finance (1969-1973), Trade Advisor at the French Embassy in London (1974-1976), Agricultural Policy Bureau Chief at the Department of External Economic Relations (1976-1978), Technical Advisor to Jean-François Deniau (Minister of Foreign Trade) (1978-1980), Junior Director (1981-1984), Assistant Director (1984-1986) at the Economics, Finance and Budget Ministry, Bureau Director to Michel Noir (Minister Delegate to the Minister of State, Minister of Economics, Finance and Privatization, Foreign Trade Representative) (1986-1987), Director of the Department of External Economic Relations (1987-1989), General Director of International Affairs of Aerospatiale (1990-1994). François David has been the chairman of Coface since July 1994 and since: Chairman of the Supervisory Board of Coface Deutschland (1996), Chairman of the Board of Directors of Coface Assicurazioni (1997), Chairman of the Union of Berne (1997-1999), Chairman of the Global Economy Information and Reflection Club (CIREM) of CEPII, the French research center of international economics (1999-2002), Chairman of the International Credit Insurance & Surety Association (ICISA) (2004-2006), Chairman of the Board of directors of Coface Services (since 2006). François David sits on the Board of Directors of Vinci and on the Supervisory Board of Lagardère SCA and AREVA. He was an observer *(censeur)* at Rexel until 2007.

Fritz Fröhlich has been a member of the Supervisory Board of Rexel since April 4, 2007. Previously, Fritz Fröhlich served as deputy chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career in working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V., AON Jauch & Hübener Holdings GmbH, ASML N.V., and is chairman of the supervisory boards of Randstad Holding N.V, Draka NV and Altana AG. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

Luis Marini-Portugal has served on the Supervisory Board of Rexel since February 13, 2007. Luis Marini-Portugal is Director of Investments and member of the Executive Board of Eurazeo. He joined Eurazeo in 1999 and participated in a number of investments, including Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo, Luis Marini-Portugal worked at JP Morgan in London and Paris in the Investing Banking and Equity Research Departments. Luis Marini-Portugal is a graduate of Hautes Etudes Commerciales (HEC) in Paris. Luis Marini-Portugal is a member of the Management Board of Ray Investment.

David Novak has served on the Supervisory Board of Rexel since February 13, 2007. He joined Clayton Dubilier & Rice in 1997 after working in the Private Equity and Investment Banking divisions of Morgan Stanley & Co., Inc. and for the Central European Development Corporation, a Private Equity firm. David Novak is a Director of Italtel S.p.A. He is a graduate of Amherst College and the Harvard Business School.

Guido Padovano has served as a member of the Supervisory Board of Rexel since February 13, 2007. Guido Padovano is Managing Director and head of the Latin America region with Merrill Lynch Global Private Equity. Until the beginning of 2008, Guido Padovano was in charge of the Europe and Latin America regions. He joined Merrill Lynch Investment Banking in 1996 and the private equity department in 1998, where he was initially in charge of investments in Latin America. Before joining Merrill Lynch, he was a Partner in Brasilpar Serviços Financeiros, a financial services company based in Sao Paulo. He is Chairman of the board of Grupo Convermex S.A. and was a member of the boards of Cremer S.A. and Debenhams. Guido Padovano holds an engineering degree from the University of Sao Paulo and a Master of Business Administration from Stanford University.

Joseph L. Rice, III, has served on the Supervisory Board of Rexel since February 13, 2007. He is one of the founders of Clayton Dubilier & Rice and now serves as its chairman. He is Trustee Emeritus of Williams College and a member of INSEAD's International Council, Council on Foreign Relations, and The Brookings Institution. Joseph L. Rice, III is a Director of Uniroyal Holding. He was a director of Brake Bros., Italtel S.p.A. and VWR International. He holds degrees from Williams College and Harvard Law School.

Marc Frappier has served on the Supervisory Board of Rexel as a permanent representative of Eurazeo since July 20, 2008. Marc Frappier is an Associate Director within the investment team of Eurazeo. He joined Eurazeo in 2006 and participated in a number of investment projects. Before joining Eurazeo, Marc Frappier worked for The Boston Consulting Group in Paris and Singapore between 1999 and 2006 and for Deloitte & Touche between

1996 and 1999. Marc Frappier is an *Ingénieur Civil des Mines* and holds the *Diplôme d'Etudes Comptables et Financières.*

Joe Adorjan has served on the Supervisory Board of Rexel since May 20, 2008. Joe Adorjan is President of the Adven Capital investment fund and is a partner of Stonington Partners Inc. From 1995 to 2000, he was Chairman and CEO of Borg-Warner Security Corporation. Previously, Joe Adorjan was President of Emerson Electric, where he supervised the integration of Fisher Controls Company into the group's control companies, creating Fisher-Rosemount, the world leader in process controls and instruments. From 1990 to 1992, Joe Adorjan was President of ESCO Electronics Corporation. From 1968 to 1990, he held various management positions within Emerson Electric Company. In 1978, he was named Director of Corporate Development, responsible for finance, international, planning, acquisitions and technologies activities. In 1988, Joe Adorjan became Vice President of the Management Committee, where he also was responsible for government and defense operations. Joe Adorjan is a director of Thermadyne Holdings Corporation, Goss Graphics Systems Inc., and Patriot Coal Corporation. He is also a member of the Board of Directors of Saint Louis University and Ranken Technical College. He is the founder and President of the Hungarian-Missouri Educational Partnership. At the beginning of his career, Joe Adorjan has been a director of a number of public and private companies and played a very active role in civic affairs.

Djamal Moussaoui, member of the Supervisory Board, resigned on February 5, 2009. Djamal Moussaoui was appointed to the Supervisory Board of Rexel on February 13, 2007. For the year ended December 31, 2008, Djamal Moussaoui actively participated in the work of every Supervisory Board meeting and took part in every decision that was voted on by the Supervisory Board. Djamal Moussaoui was replaced by **Matthew Turner,** a member of the Supervisory Board of Rexel since March 30, 2009. Matthew Turner joined Merrill Lynch in 2007. He is Managing Director and Head of International in Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Matthew Turner has worked in the Private Equity sector for twenty years. Matthew Turner was a member of the boards of various companies, including Phadia, Gala, Moliflor, Retail Decisions, Loyalty Partners, Upperpoint Group, RAL Group and Astron. Matthew Turner is currently a member of the Boards of Euromedic, a pan-European provider of medical services, of Integrated Dental Holdings Group Ltd., and of Partnership Education. Matthew Turner is particularily involved in strategic decision-making and in the determination of current guidelines for all activities. Matthew Turner holds a law degree with honors from Guildford Law College (United Kingdom) and has worked as a business lawyer.

10.2.2 Operation of the Supervisory Board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the following specific duties:

- it appoints and dismisses Management Board members and determines their compensation (including benefits in kind and special pension arrangements);
- it appoints and dismisses the Chairman of the Management Board;
- if permitted by the by-laws, it may grant powers to one or more Management Board members to represent Rexel;
- it co-opts Supervisory Board members;
- it authorizes agreements that are subject to article L.225-86 of the French Commercial Code;
- it creates the Supervisory Board Committees, defines their powers, appoints committee members and determines their compensation;
- it authorizes the sale of real properties and the disposal of equity investments, in whole or in part, and grants security interests;
- it allocates attendance fees;
- it approves securities, endorsements and guarantees.

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, and updated them in April 2007, for the purpose of setting forth the provisions governing the organization and operation of the Supervisory Board and the rights and responsibilities of its members. These Rules of Procedure are not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Supervisory Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Supervisory Board

The Supervisory Board is made up of five to fifteen members, subject to exemptions provided for by law in the case of a merger. Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting. The term of their appointment is five years.

Powers of the Supervisory Board

Throughout the year, the Supervisory Board carries out those verifications and controls that it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

It has the following powers:

(i) Powers in the area of control:

- it reviews the financial condition, cash position and commitments of Rexel and its subsidiaries;
- it reviews the financial statement auditing process and information provided to the shareholders and to the market;
- it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

- it appoints and dismisses Management Board members (including the Chairman), determines their number within the limits provided by the by-laws and their compensation;
- it appoints and dismisses the Chairman of the Management Board, including in his capacity as member of the Management Board;
- it co-opts the members of the Supervisory Board;
- it allocates attendance fees.

(iii) Preparation of reports to be submitted to general meetings of shareholders:

Each year, the Supervisory Board submits to the ordinary annual general meeting its comments on the Management Board's report and on the financial statements for the financial year.

The Chairman of the Supervisory Board must append to this report a report on how the Supervisory Board prepares and organizes its work, and on the internal control procedures implemented by Rexel.

The Supervisory Board submits recommendations on the reappointment of Supervisory Board members.

(iv) Powers to grant prior authorization to the Management Board to make certain decisions:

The Supervisory Board grants to the Management Board the authorizations required by law or by a provision of the by-laws of Rexel.

In addition, a list of decisions made by the Management Board, which are subject to prior authorization by the Supervisory Board under the terms of Rexel's by-laws, is mentioned in paragraph 15.2.2 of this *Document de Référence.*

Meetings of the Supervisory Board

Insofar as possible and depending on the circumstances, any deliberation of the Supervisory Board on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman. Meetings may be held by videoconference or any other form of telecommunication. Meetings are held at the registered office or at any other place specified in the notice of meeting.

The Chairman of the Supervisory Board may invite some or all members of the Management Board to attend Supervisory Board meetings, without the right to participate in the vote.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance. Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members and only at meetings chaired by the Chairman of the Supervisory Board.

An attendance record is kept, and signed by those members of the Supervisory Board participating in each meeting.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members. The copies or extracts of these minutes are certified by the chairman or Deputy Chairman of the Supervisory Board, or a duly empowered proxy.

Code of Conduct of the Supervisory Board

The Supervisory Board, a collegiate body, is required to act in Rexel's corporate interests under all circumstances. Therefore, the Supervisory Board members carry out their duties with loyalty, in good faith, and with professionalism and independence. Also, they ensure that any conflict of interest that might exist between their personal interests and those of Rexel is avoided.

Compensation of Supervisory Board members

The ordinary general meeting may allocate attendance fees to Supervisory Board members. The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or functions assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No other compensation, whether permanent or temporary, may be allotted to Supervisory Board members unless they are bound to Rexel by an employment agreement under the conditions allowed by applicable law and regulations.

Independent Members of the Supervisory Board

In accordance with the good corporate governance principles and practices set out in its Rules of Procedure, the Supervisory Board and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

In accordance with the AFEP and MEDEF corporate governance principles, an independent member may not:

- be an employee or corporate officer of Rexel or of the Rexel Group, an employee or director of a shareholder that controls Rexel alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;
- be a corporate officer of a company in which Rexel directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of Rexel (incumbent or having held such position within less than five years) holds the office of director;
- be a significant customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment banker (i) of Rexel or the Rexel Group; or (ii) for whom Rexel or the Rexel Group represents a significant portion of its business;
- have any family ties with any corporate officer of Rexel or the Rexel Group;
- have been an auditor of Rexel or of any Rexel Group company within the last five years;
- have served as a corporate officer of Rexel for more than 12 years; and
- receive or have received material additional compensation from Rexel or the Rexel Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of Rexel may be deemed to be independent if such shareholders do not control Rexel within the meaning of article L.233-3 of the French Commercial Code. However, when a member of the Supervisory Board represents a shareholder of Rexel that directly or indirectly owns more than 10% of Rexel's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the qualification of independence by taking into account the share ownership of Rexel and the existence of a potential conflict of interest.

The Supervisory Board may find that while one of its members fulfils the aforesaid criteria, he may not be designated as independent owing to his individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason.

Qualification procedure for independent members

The Appointments Committee reviews the designation of independent members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria.

The Supervisory Board submits the findings of its review to the shareholders in the annual report.

Supervisory Board observer *(censeur)*

The Supervisory Board may appoint one or more observers *(censeurs),* who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Supervisory Board Committees

The Supervisory Board may create committees to assist it in carrying out its functions. The Supervisory Board Rules of Procedure set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Supervisory Board Rules of Procedure set certain rules that are specific to the audit committee, appointments committee, compensation committee and strategic committee.

10.3 SUPERVISORY BOARD COMMITTEES

10.3.1 Composition of the Supervisory Board Committees

The Supervisory Board has created four special committees and determined their composition and responsibilities: the Audit Committee, the Compensation Committee, the Appointments Committee and the Strategic Committee.

The Audit Committee is made up of the following persons:

- Fritz Fröhlich (chairman);
- David Novak;
- Luis Marini-Portugal;
- Matthew Turner; and
- Joe Adorjan.

The Appointments Committee is made up of the following persons:

– Patrick Sayer (chairman);

– Roberto Quarta;

– Guido Padovano; and

– Fritz Fröhlich.

The Compensation Committee is made up of the following persons:

– Guido Padovano (chairman);

– Luis Marini-Portugal;

– Roberto Quarta;

– François David; and

– Joe Adorjan.

The Strategic Committee is made up of the following persons:

– David Novak (chairman);

– Patrick Sayer;

– François David;

– Matthew Turner; and

– Joe Adorjan.

Each of the Supervisory Board's special committees has drawn up Rules of Procedure that have been approved by the Supervisory Board and set out the applicable provisions of the Supervisory Board Rules of Procedure. The main provisions of each committee's Rules of Procedure are reproduced or summarized below.

10.3.2 Operation of the Supervisory Board Committees

Audit Committee

Members

The Audit Committee is made up of a maximum of five members, at least one of whom must be independent, who are appointed by the Supervisory Committee for their expertise in accounting and finance.

The Chairman of the Supervisory Board shall not be a member of the Audit Committee.

Powers

The Audit Committee assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of Rexel, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

– review and control of the financial statements, for the ultimate purpose of assisting the Management Board in reviewing and approving the year-end and interim accounts;
  - knowledge of the scope of consolidation, accounting methods and auditing procedures;
  - review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions and of material risks and off-balance sheet liabilities;
  - knowledge of accounting positions taken in recognizing material transactions;
  - submission of recommendations to the Supervisory Board on all proposed adoption of material changes in accounting methods;
  - review of the Rexel Group's financial position;

– control of the statutory auditors' mission:
  - oversight of the selection procedure applicable to the statutory auditors;
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to replace and reappoint statutory auditors to the shareholders' meeting;
  - knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Management Board;
  - ascertaining that the statutory auditors comply with the rules governing their independence;

– oversight of internal audit procedures:
  - submission of recommendations on the mission and organization of the Rexel Group's internal audit department and its action plan;
  - review of work carried out by Internal Audit, followed by a report to the Supervisory Board.

In addition to the aforesaid responsibilities, the duties described below also fall within the scope of the Audit Committee:

– review of the procedures for preparing information provided to shareholders and to the market;

– review of the organization and application of internal control procedures within the Rexel Group;

– providing assistance to the Strategic Committee in reviewing the Rexel Group's financial position.

Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee must report on its activities to the Supervisory Committee on a regular basis, and at least at the time at which the Management Board adopts the financial statements for the year, semester and trimester.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

Appointments Committee

Members

The Appointments Committee is made up of a maximum of four members, at least one of whom is independent.

Powers

The Appointments Committee has the following responsibilities:

- issue recommendations on the appropriateness of appointments, dismissals of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the chairman of the Audit, Strategic and Compensation Committees, members and the Chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board, Management Board or Executive Committee members;
- propose independence criteria for members of the Supervisory Board;
- verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman of the Supervisory Board on the number of independent members;
- be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Management Board or of the Supervisory Board;
- issue a recommendation, on the Management Board's proposal, on the acceptance and resignation by Rexel from any office as member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on the said board of directors or equivalent bodies.

Operations

The Appointments Committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Appointments Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

Compensation Committee

Members

The Compensation Committee is made up of a maximum of five members, at least two of whom must be independent.

The Chairman and Deputy Chairman of the Supervisory Board may serve on the Compensation Committee but may not participate in Committee work concerning their own compensation.

Powers

The responsibilities of the Compensation Committee are the following:

- to make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind;
- to be informed of planned compensation in the event of the breach of an employment agreement of a Management Board or Executive Committee member and to render an opinion in this respect to the Chairman of the Supervisory Board;
- to render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for Rexel Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

On an annual basis, pursuant to the exercise of its advisory functions on the setting of compensation for the members of the Management Board, the Compensation Committee may hear the members of the Management Board, notably in order to prepare the performance evaluations of the latter by the Supervisory Committee.

Strategic Committee

Members

The Strategic Committee is made up of a maximum of five members, at least two of whom must be independent, who are appointed by the Supervisory Committee.

Powers

The Strategic Committee's responsibilities are:

- review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of Rexel drawn up by the Management Board. In this respect, the Committee may interview Management Board members on the assumptions applied in drawing up the said plans;
- review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;
- review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by Rexel in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with Rexel;
- review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries;
- review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries;
- review the Rexel Group's financial position, in conjunction with the Audit Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

10.4 EXECUTIVE COMMITTEE

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the members of the Management Board, CEOs of the Rexel Group's geographic areas and the Communication management. The Committee serves as a forum for the consolidation of strategy, initiative coordination and the monitoring of performance and Rexel Group-wide projects.

As of the registration date of this *Document de Référence,* the Executive Committee is comprised of the following persons: Jean-Charles Pauze (Chairman of the Management Board); Pascal Martin (Member of the Management Board); Jean-Dominique Perret (Member of the Management Board); Michel Favre (Group Senior Vice President, Finance, Control and Legal Affairs); Laetitia Olivier (Senior Vice President, Group Communication); Patrick Bérard (CEO France, Group Delegate Italy, Spain and Portugal); Jeff Hall (CEO Canada); Werner Hardt (CEO Scandinavia and Key Accounts); Henri-Paul Laschkar (CEO United Kingdom); Jérémy de Brabant (CEO Rexel Inc. (USA)); Mitch Williams (CEO, Senior Vice President Gexpro); Christopher Hartmann (CEO IESC (USA)); Hubert Salmon (CEO Asia-Pacific); and Paul Zekhuis (CEO Central Europe and Scandinavia).

The Executive Committee meets at least every two months to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group performance and ensure the implementation of horizontal projects for the Rexel Group.

10.5 STATEMENTS CONCERNING THE MANAGEMENT BOARD AND SUPERVISORY BOARD

To Rexel's knowledge:

- there are no family ties among members of the Management Board and Supervisory Board of Rexel;
- no member of the Management Board or Supervisory Board of Rexel has been convicted of fraud within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been associated with any "bankruptcy", receivership or liquidation within the last five years, subject to Joseph L. Rice, III who was a director of Sirva Corporation which filed for bankruptcy in 2008;
- no member of the Management Board or Supervisory Board of Rexel has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and
- no member of the Management Board or Supervisory Board of Rexel has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

10.6 CONFLICTS OF INTEREST

David Novak and Luis Marini-Portugal are members of the Management Board of Ray Investment, the main shareholder of Rexel.

Patrick Sayer, Luis Marini-Portugal and Marc Frappier are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Guido Padovano is Managing Director and Matthew Turner is Managing Director and Head of International of Merrill Lynch Global Private Equity, an indirect shareholder of Rexel.

David Novak, Roberto Quarta and Joseph L. Rice, III hold various offices within Clayton Dubilier & Rice, an indirect shareholder of Rexel.

On April, 4, 2007, Ray Investment and its shareholders entered into an agreement with Rexel in order to structure their relationships in the event of sales of Rexel's shares by Ray Investment or its shareholders.

To the knowledge of Rexel, Patrick Sayer, Luis-Marini Portugal, Marc Frappier, Guido Padovano, David Novak, Roberto Quarta and Joseph L. Rice, III are not in a situation of conflict of interest with respect to the performance of their corporate duties within Rexel.

As of the registration date of this *Document de Référence* and to Rexel's knowledge, there exists no other situation that could give rise to a conflict between the private interests of members of the Management Board or Supervisory Board and Rexel's interests.

For information regarding the appointment of members of the Supervisory Board, see paragraph 10.2 of this *Document de Référence.*

10.7 SERVICE AGREEMENTS BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS AND REXEL OR ONE OF ITS SUBSIDIARIES

There are no service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries and that award any benefits.

10.8 STATEMENT RELATING TO CORPORATE GOVERNANCE

Following the admission of its shares to trading on the Euronext Paris market, Rexel has initiated a general review in order to comply with corporate governance practices as defined by the corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) as amended by the guidelines of the AFEP and of the MEDEF dated October 2008.

Further to the meeting of the Supervisory Board of December 2, 2008, the Company issued, in accordance with the request of the French financial markets authority (AMF), the following press release:

"Rexel's Supervisory Board, after reviewing the AFEP-MEDEF recommendations dated October 6, 2008 concerning the compensation of executive directors of listed companies at its meeting on December 2, 2008, agrees with the principles resulting from such recommendations and shall ensure that they are implemented by the Rexel Group.

The Board considers that these recommendations are in line with the corporate governance policy implemented by the Group.

Consequently, in accordance with the Act of July 3, 2008 that implements the European Union directive 2006/46/EC of June 14, 2006, the AFEP-MEDEF corporate governance code thus amended will be Rexel's reference as of fiscal year 2008 for the preparation of the report provided for in Article L.225-37 of the French Commercial Code."

Rexel believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

- taking into account the Company's shareholding structure, the number of independent members is three out of eleven for the Supervisory Board, two out of five for the Audit Committee, the Strategic Committee, and the Compensation Committee, and one out of four for the Appointments Committee. The term of office for a member of the Supervisory Board was fixed at 5 years;
- the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. The Company wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*) that benefit to the Members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)* or gross misconduct *(faute lourde)*, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Group. Finally, the compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 11.1.2 of this *Document de Référence*);
- in case of retirement, in order to protect the interests of Rexel and the Rexel Group taken as a whole, the non-compete provisions may be applicable;
- the additional defined-benefit retirement plan (article 39) benefits to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers. Full benefits under this retirement plan are vested over a maximum five-year period pursuant to an annual vesting rate of 2.5% of the average of the best three reference annual compensations (fixed compensation, bonus, benefits in kind excluding exceptional bonuses). As of July 1, 2009, this retirement plan will be replaced by a new defined-benefit retirement plan providing for amended entitlement and wage rules in accordance with the AFEP and MEDEF guidelines (see paragraph 11.2 of this *Document de Référence);* and
- the share subscription options and free shares allocated by the Company do not apply some of the AFEP and MEDEF guidelines. These allocations were carried out prior to the publication of the AFEP and MEDEF's guidelines and the amendment of the plans would raise major practical issues considering the number of beneficiaries.

10.8.1 Rules of procedure of the Supervisory Board, Management Board and Supervisory Board Committees

The Management Board and Supervisory Board each adopted Rules of Procedure (see paragraphs 10.1.2 and 10.2.2 of this *Document de Référence*). The Supervisory Board committees have also drawn up their own Rules of Procedure, the main provisions of which are set out in paragraph 10.3.2 of this *Document de Référence.* The purpose of these Rules of Procedure are to specify the organization and operations of the various bodies, their powers, responsibilities and duties, and the rights and obligations of their members.

10.8.2 Supervisory Board Committees

The Supervisory Board has set up four specialized committees: an Audit Committee, a Compensation Committee, an Appointments Committee and a Strategic Committee (see paragraph 10.3 of this *Document de Référence*). These committees are made up of at least one independent Supervisory Board member and their mission is to prepare Supervisory Board meetings and decisions.

10.8.3 Independent members of the Supervisory Board

The Supervisory Board Rules of Procedure specify the definition and criteria of independence (see paragraph 10.2.2 of this *Document de Référence*).

Thus, the status of independent member is discussed, on a yearly basis, by the Appointments Committee which prepares a report on this issue. Each year, in the light of this report, the Supervisory Board reviews the situation of each member of the Supervisory Board with regard to independence criteria. It results from this review that, during the financial year ended December 31, 2008, three members of the Supervisory Board are independent: François David, Fritz Fröhlich and Joe Adorjan.

In addition, the Rules of Procedure of the Supervisory Board Committees provide that such committees must include independent members of the Supervisory Board. Thus, the Audit Committee comprises two independent members of the Supervisory Board (Fritz Fröhlich and Joe Adorjan). The Appointments Committee comprises one independent member (Fritz Fröhlich). The Compensation Committee comprises two independent members (François David and Joe Adorjan). The Strategic Committee comprises two independent members (François David and Joe Adorjan).

10.8.4 Self-assessment of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board evaluates its organization and operation based on a questionnaire addressed to its members. The responses to this questionnaire are presented on an anonymous basis and debated during meetings of the Supervisory Board.

In 2008, the findings of this assessment show, on the one hand, that the members of the Supervisory Board are globally satisfied with the organization and the work of the Supervisory Board as well as with the information that is communicated to them and, on the other hand, in order to allow a continuous improvement of the work of the Supervisory Board, certain suggestions in order to improve some of the work processes of the specialized committees.

10.8.5 Internal control

As a *société par actions simplifiée*, Rexel was not required to publish a report on internal control for the year ended December 31, 2006.

The report of the Chairman of the Supervisory Board, drawn up in accordance with the provisions of article L.225-37 of the French Commercial Code, for the financial year ended December 31, 2007, as well as the report of the statutory auditors on this report from the Chairman, are attached to the *Document de Référence* filed with the AMF on April 30, 2008 under number R.08-046.

For the year ended December 31, 2008, the Chairman of the Supervisory Board of Rexel, acting in accordance with the provisions of article L.225-37 of the French Commercial Code, has drawn up a report on corporate governance and on internal control procedures and the statutory auditors have drawn up a report on this report from the Chairman, in accordance with the provisions of article L.225-235 of the French Commercial Code. These reports are set out in Annex 1 and Annex 2 of this *Document de Référence.*

Furthermore, the Rexel Group has implemented a risk management process based on the approach defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The purpose of this process is to identify potential risks, to define and implement measures to limit such risks and to promote a risk control environment.

10.8.6 Market ethics charter

On April 4, 2007, Rexel adopted a market ethics charter the objective of which is to specify the applicable regulations in respect of share transactions by permanent and/or occasional insiders and interested persons, including in particular corporate officers and employees of the Rexel Group who have constant or occasional access to inside information as well as outsiders to the Rexel Group who can, in the context of their role or position, have access to inside information in relation to Rexel or the Rexel Group.

The market ethics charter provides for the creation of the position of a market ethics manager within the Rexel Group. The market ethics manager oversees compliance with the market ethics charter, in particular by informing those persons concerned of the periods during which they must abstain from transactions involving Rexel's shares, informing the Management Board and the Supervisory Board of any finding of violations of the applicable regulations within the Rexel Group, or by establishing and updating a list, to be provided upon request to the AMF, of persons considered to be insiders, and informing such persons of their inclusion in such list.

The market ethics charter mentions the applicable obligations with respect to the holding, disclosure and use of inside information as well as the applicable sanctions in the event of a violation of such obligations. The market ethics charter thus specifies the confidentiality and abstention obligations or the obligation to hold shares in registered form that applies to permanent or occasional insiders and interested persons. The market ethics charter also lays out the definition of inside information as well as the applicable rules in the case of, for example, an offence and breach by an insider, or a market manipulation. It also provides for periods of abstention linked, in particular, to the publication of Rexel's financial accounts.

11. Compensation of corporate officers

11.1 COMPENSATION AND BENEFITS IN KIND

11.1.1 Compensation and benefits in kind

11.1.1.1 Members of the Management Board

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee. Such compensation includes annual fixed compensation, variable compensation determined on the basis of the achievement of objectives, bonuses and benefits in kind. In addition, free shares have been granted to the members of the Management Board.

Compensation and benefits in kind received by Jean-Charles Pauze

Compensation for the financial year ended December 31, 2008

At its February 12, 2008 meeting, the Supervisory Board, following the recommendation of the Compensation Committee, set Jean-Charles Pauze's compensation for the financial year ended December 31, 2008, for his corporate duties as Chairman of the Management Board of Rexel, as follows:

- a gross fixed compensation in the amount of €780,000;
- an annual variable target-based bonus that may reach 120% of his gross annual compensation if 100% of his set targets are reached, it being noted that if the Chairman exceeds 100% of his set target, his variable bonus could exceed 120% of his gross base annual compensation, limited to 130% of his gross annual base compensation. This variable annual bonus was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Jean-Charles Pauze in his own fields of responsibility;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000; and
- benefits in kind (specified below) in the amount of €6,660, comprising a company car and a gas card.

Jean-Charles Pauze will receive, during the financial year ending December 31, 2009, variable compensation for the financial year ended December 31, 2008 in the amount of €700,452.

Compensation for the financial year ended December 31, 2007

During the financial year ended December 31, 2007, Jean-Charles Pauze received:

- a gross fixed compensation in the amount of €730,000, including €121,667 pursuant to his employment contract up to February 28, 2007 and €608,333 as from March 1, 2007 under his mandate as the Chairman of the Management Board of Rexel (it being specified that, as indicated in the report of the Chairman of the Supervisory Committee attached as Annex 1, Jean-Charles Pauze's employment contract has been suspended since March 1, 2007);
- a hardship allowance for travel in France and abroad in a gross amount of €170,000;
- a variable compensation for the 2006 objectives in a gross amount of €507,516;
- benefits in kind amounting to €6,705, comprising a company car and a gas card.

During the financial year ended December 31, 2008, Jean-Charles Pauze received a gross amount of €678,690 as variable compensation for the financial year ended December 31, 2007. This variable annual bonus was based for 70% on financial criteria relating to the Rexel Group's results and for 30% on qualitative criteria. The financial criteria for 2007 were EBITDA, ROCE and WC. Qualitative criteria were based on items relating to the activity of Mr. Jean-Charles Pauze in his own fields of responsibility.

Attendance fees

Jean-Charles Pauze was paid attendance fees in his capacities as corporate officer of Rexel Senate, an English subsidiary of Rexel, and of Rexel, Inc. and IESC, U.S. subsidiaries of Rexel:

- in an amount of €90,000, paid in 2008, for the financial year ended December 31, 2007; and
- in an amount of €90,000, paid in 2007, for the financial year ended December 31, 2006.

Benefits in kind

Jean-Charles Pauze receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and benefits in kind received by Nicolas Lwoff

Compensation for the financial year ended December 31, 2008

The employment agreement between Nicolas Lwoff and Rexel Développement was suspended as of January 1, 2008 by an agreement between the two parties.

At its February 12, 2008 meeting, the Supervisory Board, following the recommendation of the Compensation

Committee, set Nicolas Lwoff's compensation, for the financial year ended December 31, 2008, for his corporate duties as member of the Management Board of Rexel, as follows:

– a gross fixed compensation in the amount of €380,000;

– an annual variable target-based compensation that may reach 60% of the gross annual fixed compensation, subject to the achievement of fixed individual and collective objectives in accordance with the principles established each year. This variable annual bonus was based for 70% on financial criteria relating to the Rexel Group's results and for 30% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Nicolas Lwoff in his own fields of responsibility; and

– benefits in kind in the amount of €5,751, comprising a company car and a gas card.

In addition, during the financial year ended December 31, 2008, an extraordinary bonus of €150,000 was paid to Nicolas Lwoff for the success of the Hagemeyer Transaction.

Finally, during the financial year ending December 31, 2009, a gross amount of €203,604 as variable compensation will be paid to Nicolas Lwoff for the financial year ended December 31, 2008.

Compensation for the financial year ended December 31, 2007

During the financial year ended December 31, 2007, Nicolas Lwoff received no money in his capacity as member of the Management Board. He received, pursuant to his employment contract, a gross fixed compensation in the amount of €325,000, and a gross variable compensation for the 2006 objectives in an amount of €179,360.

During the aforementioned financial year, Nicolas Lwoff also received benefits in kind amounting to €5,833, comprising a company car and a gas card.

During the financial year ended December 31, 2008, Nicolas Lwoff received a gross amount of €200,000 as variable compensation for the financial year ended December 31, 2007. This variable annual bonus was based for 70% on financial criteria relating to the Rexel Group's results and for 30% on qualitative criteria. The financial criteria for 2007 were EBITDA, ROCE and WC. Qualitative criteria were based on items relating to the activity of Mr. Nicolas Lwoff in his own fields of responsibility.

Benefits in kind

Nicolas Lwoff receives the following benefits:

– a supplemental health insurance *(mutuelle)*;

– a welfare insurance *(contrat de prévoyance)*;

– a basic and supplementary pension;

– a defined benefit plan, which takes into account his length of service;

– the use of a company car;

– a health check-up;

– an executive directors' unemployment coverage; and

– compensation for tax and retirement advisors' fees.

Compensation and benefits in kind received by Pascal Martin

Compensation for the financial year ended December 31, 2008

The employment agreement between Pascal Martin and Rexel Développement was suspended as of January 1, 2008 by an agreement between the two parties.

At its February 12, 2008 meeting, the Supervisory Board, following the recommendation of the Compensation Committee, set Pascal Martin's compensation, for the financial year ended December 31, 2008, for his corporate duties as member of the Management Board of Rexel, as follows:

– a gross fixed compensation in the amount of €420,000;

– an annual variable target-based compensation that may reach 60% of gross annual fixed compensation, subject to the achievement of fixed individual and collective objectives in accordance with the principles established each year. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Pascal Martin in his own fields of responsibility; and

– benefits in kind in the amount of €5,783, consisting of a company car and a gas card.

In addition, during the financial year ended December 31, 2008, an extraordinary bonus of €75,000 was paid to Pascal Martin for the success of the Hagemeyer Transaction.

Finally, during the financial year ending December 31, 2009, a gross amount of €220,475 as variable compensation will be paid to Pascal Martin for the financial year ended December 31, 2008.

Compensation for the financial year ended December 31, 2007

During the financial year ended December 31, 2007, Pascal Martin was not paid any compensation in his capacity as a member of the Management Board. He was paid, pursuant to his employment contract, a fixed compensation in the gross amount of €390,000 and a variable compensation for the 2006 objectives in the gross amount of €213,730.

During the aforementioned financial year, benefits in kind awarded to Pascal Martin amounted to €5,783 and consisted of the use of a company car and a credit card for gas.

During the financial year ended December 31, 2008, a gross amount of €201,200 as variable compensation was paid to Pascal Martin for the financial year ended December 31, 2007. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2007 were EBITDA, ROCE and WC. Qualitative criteria were based on items relating to the activity of Mr. Pascal Martin in his own fields of responsibility.

Benefits in kind

Pascal Martin receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up;
- an executive directors' unemployment coverage; and
- compensation for tax and retirement advisors' fees.

Compensation and benefits in kind received by Jean-Dominique Perret

Compensation for the financial year ended December 31, 2008

Since January 1, 2008, Jean-Dominique Perret has been acting as salaried Latin America Group Delegate in addition to being a member of the Management Board.

At its February 12, 2008 meeting, the Supervisory Board, following the recommendation of the Compensation Committee, set Jean-Dominique Perret's compensation, for the financial year ended December 31, 2008, as follows:

- in his capacity as member of the Management Board:
  - a gross fixed compensation in the amount of €164,900;
  - an annual variable target-based portion which may reach 50% of his gross annual base compensation if he achieves set individual and collective targets, in accordance with the principles established each year. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Jean-Dominique Perret in his own fields of responsibility ; and
- in his capacity as the salaried Latin America Group Delegate:
  - a gross fixed compensation in the amount of €100,100;
  - an annual variable target-based portion which may reach 50% of this gross annual base salary if he achieves set individual and collective targets, in accordance with the principles established each year. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Jean-Dominique Perret in his own fields of responsibility; and
  - benefits in kind in the amount of €7,714, consisting of a company car and a gas card.

Finally, during the financial year ending December 31, 2009, a gross amount of €117,435 in variable compensation will be paid to Jean-Dominique Perret for the financial year ended December 31, 2008.

Compensation for the financial year ended December 31, 2007

During the financial year ended December 31, 2007, Jean-Dominique Perret was not paid any compensation in his capacity as a member of the Management Board. He was paid, pursuant to his employment agreement, a fixed compensation in the gross amount of €245,300 and a variable compensation for the 2006 objectives in the gross amount of €101,465.

During the aforementioned financial year, benefits in kind awarded to Jean-Dominique Perret amounted to €5,800 and consisted of the use of a company car and a credit card for gas.

During the financial year ending December 31, 2008, a gross amount of €101,187 as variable compensation was paid to Jean-Dominique Perret for the financial year ended December 31, 2007. This variable annual bonus was based for 60% on financial criteria relating to the Rexel Group's results and for 40% on qualitative criteria. The financial criteria for 2007 were EBITDA, ROCE and WC. Qualitative criteria were based on items relating to the activity of Mr. Jean-Dominique Perret in his own fields of responsibility.

Benefits in kind

Jean-Dominique Perret receives the following benefits:

- in his capacity as member of the Management Board:
  - a supplemental health insurance *(mutuelle)*;
  - a welfare insurance *(contrat de prévoyance)*;
  - a basic and supplementary pension;
  - a health check-up; and
  - compensation for tax and retirement advisors' fees.
- in his capacity as the salaried Latin America Group Delegate:
  - the use of a company car; and
  - compensation for tax and retirement advisors' fees.

Summary of the compensation and benefits in kind of the members of the Management Board

A summary of the compensation and benefits in kind of the members of the Management Board for the years ended December 31, 2008 and December 31, 2007 is set forth in the table below:

	Financial year ended			
	December 31, 2007		December 31, 2008	
	Due	Paid	Due	Paid
Jean-Charles Pauze				
Fixed compensation	€730,000	€730,000	€780,000	€780,000
Variable compensation	€678,690	€507,516 (1)	€700,452 (3)	€678,690 (2)
Hardship allowance	€170,000	€170,000	€170,000	€170,000
Extraordinary compensation	–	–	–	–
Attendance fees	€90,000	€90,000 (4)	€90,000 (6)	€90,000 (5)
Benefits in kind	€6,705	€6,705	€6,660	€6,660
Total	**€1,675,395**	**€1,504,221**	**€1,747,112**	**€1,725,350**
Nicolas Lwoff				
Fixed compensation	€325,000	€325,000	€380,000	€380,000
Variable compensation	€200,000	€179,360 (1)	€203,604 (3)	€200,000 (2)
Extraordinary compensation	–	–	€150,000	€150,000
Attendance fees	–	–	–	–
Benefits in kind	€5,833	€5,833	€5,751	€5,751
Total	**€530,833**	**€510,193**	**€739,355**	**€735,751**
Pascal Martin				
Fixed compensation	€390,000	€390,000	€420,000	€420,000
Variable compensation	€201,200	€213,730 (1)	€220,475 (3)	€201,200 (2)
Extraordinary compensation	–	–	€75,000	€75,000
Attendance fees	–	–	–	–
Benefits in kind	€5,783	€5,783	€5,783	€5,783
Total	**€596,983**	**€609,513**	**€721,258**	**€701,983**
Jean-Dominique Perret				
Fixed compensation	€245,300	€245,300	€265,000	€265,000
Variable compensation	€101,187	€101,465 (1)	€117,435 (3)	€101,187 (2)
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€5,800	€5,800	€7,714	€7,714
Total	**€352,287**	**€352,565**	**€390,149**	**€373,901**

(1) Variable compensation due for the financial year ended December 31, 2006 and paid during the financial year ended December 31, 2007.
(2) Variable compensation due for the financial year ended December 31, 2007 and paid during the financial year ended December 31, 2008.
(3) Variable compensation due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(4) Attendance fees due for the financial year ended December 31, 2006 and paid during the financial year ended December 31, 2007.
(5) Attendance fees due for the financial year ended December 31, 2007 and paid during the financial year ended December 31, 2008.
(6) Attendance fees due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.

Summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses is set forth in the table below:

Corporate officer	Employment agreement	Specific pension plan	Severance indemnities	Non-compete clause
Jean-Charles Pauze Chairman of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since March 1, 2007, taking into account the fact that the AFEP-MEDEF recommendations are not applicable to the current duties	Yes (see paragraph 11.2 of this *Document de Référence*)	Yes (see paragraph 11.1.2 of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Nicolas Lwoff Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 11.2 of this *Document de Référence*)	Yes (see paragraph 11.1.2 of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Pascal Martin Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 11.2 of this *Document de Référence*)	Yes (see paragraph 11.1.2 of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Jean-Dominique Perret Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes	Yes, since January 1, 2009 (see paragraph 11.2 of this *Document de Référence*)	Yes (see paragraph 11.1.2 of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month

Free shares and share subscription or share purchase options

Free shares were granted to the members of the Management Board, as described in paragraph 12.2.6 of this *Document de Référence.*

In addition, during the year ended December 31, 2008, the members of the Management Board exercised share subscription options issued by Rexel Distribution, under the terms described in paragraph 12.2.5.2.2 of this *Document de Référence.*

Summary of all of the compensation of the members of the Management Board

A summary of all of the compensation due to the members of the Management Board by the Rexel Group companies for the years ended December 31, 2008 and December 31, 2007 is set forth in the table below:

	Financial year ended	
	December 31, 2007	December 31, 2008
Jean-Charles Pauze		
Compensation due for the financial year [1]	€1,675,395	€1,747,112
Valuation of options granted [2]	–	–
Valuation of free shares granted [3]	€8,717,872	€604,553
Total	**€10,393,267**	**€2,351,665**
Nicolas Lwoff		
Compensation due for the financial year [1]	€530,833	€739,355
Valuation of options granted [2]	–	–
Valuation of free shares granted [3]	€4,440,189	€304,218
Total	**€4,971,022**	**€1,043,573**
Pascal Martin		
Compensation due for the financial year [1]	€596,983	€721,258
Valuation of options granted [2]	–	–
Valuation of free shares granted [3]	€4,440,189	€304,218
Total	**€5,037,172**	**€1,025,476**
Jean-Dominique Perret		
Compensation due for the financial year [1]	€352,287	€390,149
Valuation of options granted [2]	–	–
Valuation of free shares granted [3]	€2,960,143	€304,218
Total	**€3,312,430**	**€694,367**

(1) See paragraph 11.1.1 of this *Document de Référence.*
(2) As at the date of allocation, see paragraph 12.2.5 of this *Document de Référence.*
(3) As at the grant date, on the basis of the value of the free shares granted pursuant to the 2+2 plans, see paragraph 12.2.6 of this *Document de Référence.*

11.1.1.2 Members of the Supervisory Board

The Rexel shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of February 12, 2008 decided, within the scope of the allocated global amount, to allocate compensation to the observer *(censeur)* and to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the gross amount of €30,000 and (ii) a variable portion that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members.

Moreover, a gross compensation of €10,000 is allocated for each chairman of a Committee of the Supervisory Board who is an independent member thereof.

Thus, Fritz Fröhlich, François David and Joe Adorjan, as independent members, received the following compensation in respect of the financial year ended December 31, 2008:

Member	Financial year ended December 31, 2007		Financial year ended December 31, 2008	
	Compensation	Total	Compensation	Total
Fritz Fröhlich		€114,000		€114,000
As committee Chairman	€10,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€74,000		€74,000	
François David		€93,000		€93,000
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€63,000		€63,000	
Joe Adorjan		€93,000		€93,000
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€63,000		€63,000	
Total		**€300,000**		**€300,000**

Rexel has paid no other compensation to the members of the Supervisory Board for the years ended December 31, 2008 and December 31, 2007.

11.1.2 Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers

No senior executive is entitled to compensation, indemnification or benefits due or that may become due as a result of the assumption, termination or change in his duties as a corporate officer of Rexel or thereafter.

Moreover, the employment agreements of Jean-Charles Pauze, Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, for payments in the event of a termination, subject to performance criteria that have been decided upon by the Supervisory Board meeting of May 13, 2008 and approved by the General shareholders' meeting of May 20, 2008.

Upon proposal of the Compensation Committee, the Supervisory Board of March 30, 2009 approved the modification of the compensation of the corporate officers in order to ensure that they are consistent with the AFEP-MEDEF recommendations of October 2008.

Severance payments for Jean-Charles Pauze

Mr. Jean-Charles Pauze's employment contract with Rexel Développement was suspended on March 1, 2007.

In the event that he should no longer hold his corporate office at Rexel, his employment contract with Rexel Développement would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from serious misconduct or gross negligence, Mr. Jean-Charles Pauze shall be granted a severance payment equal to 24 months of the basic monthly salary that he had received as a corporate officer or as an employee, with the higher amount to prevail.

The basic monthly salary is understood as the amount of the fixed gross monthly salary received for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave.

In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from Rexel, a non-competition clause is stipulated in Mr. Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Nicolas Lwoff

Nicolas Lwoff's employment agreement with Rexel Développement, suspended since January 1, 2008, terminated following the departure of Nicolas Lwoff of the Rexel Group.

The employment agreement of Nicolas Lwoff provided, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)*, that Nicolas Lwoff would benefit from a contractual indemnity equal to 18 months of his monthly reference compensation in his capacity as corporate officer or as an employee of the company, whichever the highest.

The monthly reference compensation was defined as the sum of fixed gross monthly compensations received during the 12 months preceding the month during which notice is given of the termination of the contractual relationship, plus the gross sum of the last two bonuses paid but excluding any exceptional bonus, divided by 12 months.

This contractual indemnity was deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as any contractual indemnity due (in particular pursuant to a non-compete clause). Under these same circumstances, Nicolas Lwoff would have benefited from a compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever is highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement were subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement was dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment would have been 100% if the level of

EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), would have reached a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market would have deteriorated, this level may have been reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement was dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment woud have been 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), would have reached a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market would have deteriorated, this level may have been reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement was dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment would have been 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), would have reached a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market would have deteriorated, this level may have been reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

At the time of its departure from the Rexel Group, Mr. Nicolas Lwoff did not receive any severance indemnity. Only the non-complete clause stipulated in its employment contract was applied. As such, Mr. Nicolas Lwoff will receive during a twelve-month period, or between February 14, 2009 and February 13, 2010, a monthly gross indemnity amounting to €29,230.77.

Severance payments for Pascal Martin

Pascal Martin's employment agreement with Rexel Développement has been suspended since January 1, 2008.

In the event that his corporate duties within Rexel should end, Pascal Martin's employment agreement with Rexel Développement would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacity as corporate officer or as an employee, whichever is highest.

The monthly reference compensation is defined as the sum of fixed gross monthly compensations received during the 12 months preceding the month during which notice is given of the termination of the contractual relationship, plus the gross sum of the last two bonuses paid but excluding any exceptional bonus, divided by 12 months.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Pascal Martin would also benefit from a compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic

and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Latin America Group Delegate since January 1, 2008.

His employment agreement with Rexel Développement provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, Mr. Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the sum of fixed gross monthly compensations received during the 12 months preceding the month during which notice is given of the termination of the contractual relationship, plus the gross sum of the last two bonuses paid but excluding any exceptional bonus, divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Jean-Dominique Perret would also benefit from a compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer and as employee of the company.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of

ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

11.1.3 Other benefits

During the financial period ended December 31, 2008, Rexel did not grant any loans, advances or guarantees to any of its corporate officers.

11.2 PENSION, RETIREMENT OR SIMILAR BENEFITS

A supplementary defined-benefit pension plan is in force within Rexel Développement.

Pursuant to the terms of the May 31, 2005 plan, modified on March 1, 2007 and on July 1, 2008, the conditions for eligibility are as follow:

– are beneficiaries of the supplementary pension plan, senior executives of Rexel Développement, who are or not corporate officers, and whom global grading is 20 or above, as defined by Hewitt for the Rexel Group;

– such employees must be enrolled under French Social Security mandatory pension scheme (1st pillar).

Furthermore, pursuant to the terms of the May 31, 2005 plan, as modified, the length of service of employees or officers of any entity controlling or being controlled, directly or indirectly, by Rexel Développement within the meaning of article L.233-3 of the French Commercial Code, shall be taken into account in the calculation of periods of service for seniority.

At January 1, 2009, Jean-Charles Pauze, Nicolas Lwoff, Pascal Martin, Jean-Dominique Perret, Patrick Bérard, in his capacity as CEO for France and Group Delegate for Italy, Spain and Portugal, and Henri-Paul Laschkar in his capacity as as CEO for United Kingdom, met these eligibility criteria.

Furthermore, the vesting and payment of the benefits are subject to a certain number of suspensive conditions, including:

– definitive termination of professional activity as at retirement date upon employer or employee initiative, with the exception of later return to the professional activity in the event of concurrence of employment and retirement *("Cumul Emploi Retraite")*, under the conditions set forth in article L.634-6 of the French Social Security Code;

– presence within the company as at retirement date upon employer or employee initiative;

– minimum age of 60 as at the date of departure from the company; and

– settlement, at the full rate, of the basic mandatory pension provided by the French Social Security (1st pillar).

The supplementary pension is equal to the product of the number of years of seniority in the scheme multiplied by 2.5% of the reference compensation. The reference compensation is assessed by including salary or compensation from the holding of a corporate office, benefits in kind and annual bonuses with the exception of extraordinary bonuses, and hardship allowances and their equivalents are included in the calculation of the reference compensation, up to the full amounts paid. The reference compensation used for the

calculation of the additional pension is equal to the average of the three years highest gross compensation received. At the date of payment, the amount of the supplementary pension including, if applicable, amounts derived from other additional defined contribution or defined benefit plans in application within Rexel Développement, any other companies or entities directly or indirectly controlling Rexel Développement or any other companies or entities directly or indirectly controlled by Rexel Développement, may not exceed 12.5% of the reference compensation. If necessary, the supplementary pension amount may be reduced accordingly in order to respect this limit.

The total provision booked by Rexel for all employees covered by this supplementary defined-benefit retirement plan amounted to €5.3 million as at December 31, 2008. A hedge asset has been established with an insurance institution to cover this commitment. As at December 31, 2008, the value of this hedge asset was estimated at €2.6 million.

Upon proposal of the Compensation Committee, the Supervisory Board of March 30, 2009 approved a certain number of proposals in order to make the defined-benefit supplementary pension plan consistent with the recommendations issued by the AFEP and the MEDEF in October 2008.

These proposals include in particular:

– The termination of the existing plan as at June 30, 2009, and
– The setting up of a new defined-benefit supplementary pension plan as from July 1, 2009, for which the vesting conditions and the reference compensation have been modified.

Following the implementation of this new retirement plan, Rexel will comply with five out of six of the recommendations issued by the AFEP and the MEDEF, compared to three at the present time.

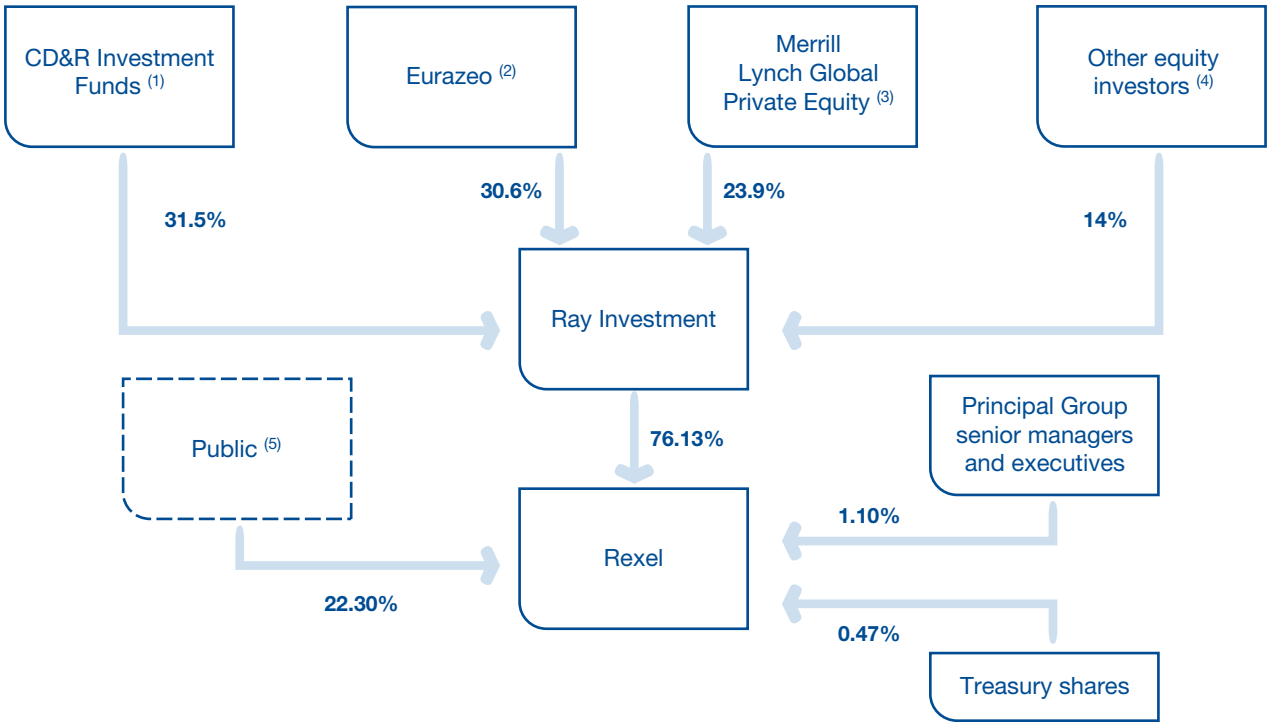
AFEP-MEDEF Recommendations	Current Retirement Plan	New Retirement Plan (as at July 1, 2009)
Eligibility criteria / Seniority	Compliant	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant	Not compliant*
Yearly accrual percentage	Not compliant	Compliant
Period of maximum accrual attainment	Not compliant	Compliant
Reference compensation	Compliant	Compliant
Maximum level of benefits	Compliant	Compliant

* As at July 1, 2009, the total number of beneficiaries would be six, including four corporate officers.

12. Shareholders

12.1 PRINCIPAL SHAREHOLDERS

The chart below shows the simplified shareholding structure of Rexel as at December 31, 2008:



(1) *CD&R Investment Funds:* Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII Limited Partnership, private equity funds managed by CD&R, indirectly own approximately 18.8% and 4.7%, respectively, of Ray Investment S.à r.l. In addition, a co-investment vehicle controlled by a subsidiary of CD&R indirectly owns approximately 8% of Ray Investment.
(2) *Eurazeo:* Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo, owns approximately 30.6% of Ray Investment.
(3) *Merrill Lynch Global Private Equity:* the private equity funds managed by Merrill Lynch Global Private Equity and its subsidiaries own approximately 19.7% of Ray Investment S.à r.l. In addition, a co-investment vehicle controlled by a subsidiary of Merrill Lynch Global Private Equity indirectly owns approximately 4.2% of Ray Investment.
(4) *Other equity investors:* Caisse de Dépôt et Placement du Québec owns 9.5% of Ray Investment S.à r.l. and Citigroup Venture Share Capital Equity Partners L.P., an investment fund managed by Citigroup Venture Capital, indirectly owns 4.5% of Ray Investment.
(5) Public shareholding includes shares owned by employees of the Rexel Group.

Clayton, Dubilier & Rice, Inc. ("CD&R")

CD&R is a private equity firm that invests in global businesses, primarily divisions of large multi-national corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has invested approximately US $12 billion in 43 U.S. and European companies. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

Eurazeo S.A. ("Eurazeo")

With substantial diversified assets, considerable investment capacity and a long-term investment horizon line, Eurazeo is one of the foremost investment companies in Europe.

One of the leaders in private equity, Eurazeo is, as such, a majority or reference shareholder of APCOA, B&B Hotels, ELIS, Europcar, Rexel, ANF and Accor, the latter of which Eurazeo is, along with Colony, the largest shareholder. Eurazeo is also the largest shareholder of Danone.

In partnership with its investments, due notably to the expertise and values shared by an investment team of approximately 20 people, Eurazeo pursues a strategy that is resolutely oriented toward creating value, with characteristic strategic and financial rigor.

Eurazeo has solid attributes to ensure the sustainable development of its activities and its investments by acting as a responsible professional shareholder.

Merrill Lynch Global Private Equity ("MLGPE")

ML Global Private Equity Fund, L.P. and Merrill Lynch Ventures L.P. 2001 (hereinafter jointly referred to as **"Merrill Lynch Global Private Equity"**) are investment companies that belong to the private equity division of Merrill Lynch & Co., Inc. (hereinafter, **"Merrill Lynch"**), a subsidiary of Bank of America Corporation.

MLGPE invests on behalf of various managed affiliates and syndicatees with a primary emphasis on the world's largest economies, including the United States, Europe, Japan, China, India, Latin America and Australia, taking a multi-sector approach to identifying attractive investment opportunities. The MLGPE team is composed of approximately 70 highly-experienced, dedicated investment professionals located in seven countries around the world.

Bank of America Corporation is one of the world's largest financial institutions, serving individual consumers, small and middle market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk-management products and services.

Ray Investment S.à r.l. ("Ray Investment")

Ray Investment is a *société à responsabilité limitée* established under Luxembourg law, with registered offices at 10, avenue de la Liberté, L-1930 Luxembourg, registered with the Luxembourg companies registry under number B 104.766. Its share capital is €1,599,194,600, divided into 31,983,892 shares with a par value of €50 each. Ray Investment is owned by CD&R, Eurazeo and MLGPE and other equity investors, including Caisse de Dépôt, Placement du Québec and Citigroup Venture Share Capital Equity Partners L.P., an investment fund headed by Citigroup Venture Share capital.

12.2 SHARE CAPITAL AND VOTING RIGHTS

12.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2008, 2007 and 2006:

Shareholders	December 31, 2008				December 31, 2007				December 31, 2006			
	Number of shares	Number of voting rights	% of shares	% of voting rights	Number of shares	Number of voting rights	% of shares	% of voting rights	Number of shares	Number of voting rights	% of shares	% of voting rights
Ray Investment	194,896,524	194,896,524	76.13	76.13	188,778,562	188,778,562	73.74	73.74	62,479,369	62,479,369	99.10	99.10
Rexdir S.A.S.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	304,404	304,404	0.48	0.48
Rexop S.A.S.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	262,001	262,001	0.42	0.42
Principal Rexel Group senior managers and executives [1]	2,824,937	2,824,937	1.10	1.10	3,068,990	3,068,990	1.20	1.20	N/A	N/A	N/A	N/A
Public [2]	57,057,351	57,057,351	22.30	22.30	63,561,275	63,561,275	24.83	24.83	N/A	N/A	N/A	N/A
Treasury shares	1,215,015	1,215,015[3]	0.47	0.47[3]	585,000	585,000[3]	0.23	0.23[3]	N/A	N/A	N/A	N/A
TOTAL	**255,993,827**	**255,993,827**	**100**	**100**	**255,993,827**	**255,993,827**	**100**	**100**	**63,045,774**	**63,045,774**	**100**	**100**

(1) Employees of the Rexel Group holding shares in pure or administered registered form.
(2) Public shareholding includes shares owned by employees of the Rexel Group.
(3) Theoretical voting rights. For the purpose of shareholders' meetings, no voting right is actually attached to these shares.

12.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2008, further to share loan transactions, Morgan Stanley informed Rexel that:

- on June 2, 2008, Morgan Stanley crossed upwards the 5% threshold in share capital and voting rights of Rexel, as it indirectly held at such date 13,072,637 Rexel shares representing the same number of voting rights, *i.e.,* 5.11% of the share capital and voting rights of Rexel; and
- on June 3, 2008, Morgan Stanley crossed downward the 5% threshold in share capital and voting rights of Rexel, as it indirectly held at such date 8,741,013 Rexel shares representing the same number of voting rights, *i.e.,* 3.41% of the share capital and voting rights of Rexel.

On August 6, 2008, Rexel was also informed by letter of the acquisition by Ray Investment of 3,226,410 Rexel shares.

Due to these acquisition, the interest held by Ray Investment in the share capital of Rexel was increased from 73.74%, *i.e.,* 188,778,562 shares out of a total of 255,993,827 existing shares at June 30, 2008, to 75,0194%, *i.e.,* 192,044,972 shares as at July 31, 2008. As each Rexel share gives right to a voting right, Ray Investment held 75.0194% of the existing voting rights at July 31, 2008.

12.2.3 Interests held by managers in the share capital of Rexel

12.2.3.1 Rexel interests held by Management Board and Supervisory Board members

At December 31, 2008, the members of Rexel's Management Board and Supervisory Board held the following ownership interests in Rexel's share capital :

	Number of shares	% of the share capital and voting rights
Members of the Management Board		
Jean-Charles Pauze	568,478	0.22%
Nicolas Lwoff	–	–
Pascal Martin	269,276	0.11%
Jean-Dominique Perret	179,518	0.07%
Members of the Supervisory Board		
Roberto Quarta	2	NS
Patrick Sayer	2	NS
Joe Adorjan	1,501	NS
François David	1	NS
Fritz Fröhlich	1	NS
Djamal Moussaoui	2	NS
Luis Marini-Portugal	2	NS
David Novak	2	NS
Guido Padovano	2	NS
Joe Rice	2	NS
Eurazeo (1)	1	NS

(1) This shareholding does not take into account the Rexel shares held by Ray Investment, 30.6% of the share capital of which is held by Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo.

Furthermore, members of the Managing Board received free shares, the characteristics of which are described in paragraph 12.2.6 of this *Document de Référence.*

12.2.3.2 Transactions on Rexel securities carried out by Management Board and Supervisory Board members

The transactions on Rexel securities carried out by Management Board and Supervisory Board members during the financial year ended December 31, 2008 are as follows:

- Joe Adorjan, a member of the Supervisory Board, purchased on the Euronext Paris market on July 11, 2008, Rexel shares at a nominal price of €13.8636 for a total amount of €20,795.40; and
- Nicolas Lwoff, a member of the Management Board, sold on the Euronext Paris market Rexel shares (i) on September 8, 2008, at a nominal price of €10.30 for a total amount of €103,000, (ii) on October 1, 2008, at a nominal price of €9.92 for a total amount of €99,200, (iii) on November 28, 2008, at a nominal price of €6.33 for a total amount of €788,718 and at a nominal price of €6.17 for a total amount of €345,260, (iv) on December 1, 2008, at a nominal price of €6.08 for a total amount of €228,436 and (v) on December 2, 2008 at a nominal price of €5.95 for a total amount of €185,283.

12.2.4 Employees shareholding

In accordance with the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting held on February 13, 2007, the Management Board has decided, on March 20, 2007 and April 4, 2007, to implement an increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI in the following countries: Germany, Australia, Austria, Belgium, Canada, Chile, Spain, United Sates, France, Hungary, Ireland, Italy, New Zealand, The Netherlands, Portugal, Czech Republic, United Kingdom, Slovakia, Slovenia, Sweden and Switzerland.

The total number of shares that have been issued pursuant to the decisions of the Management Board of March 20, 2007 and April 4, 2007, implementing the increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounts to 1,436,874 shares, and the total amount of the capital increase reserved to such employees amounts to €19,266,448 (including an issuance premium of €12,082,078), taking into account a par value of €5 per share. This capital increase was carried out and recorded by the Management Board meeting of April 18, 2007. On April 18, 2007, the Management Board also carried out the issuance of 40,594 warrants to subscribe for shares *(BSAs)* attached to the 40,594 shares subscribed by the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" employee investment fund *(FCPE)*.

In addition, in accordance with the twentieth resolution of the Ordinary and Extraordinary Shareholders' Meeting held on May 10, 2008 and following the Supervisory Board's authorization on July 30, 2008, the Management Board had decided to implement an employee shareholding plan in December 2008 for the employees of employees of Rexel Group companies which have adhered to the PEG and the PEGI. Meanwhile, considering the high volatility of the markets, Rexel believed that the necessary conditions to allow for the implementation of this operation were not present, and decided to defer its launch.

As of December 31, 2008, the number of shares held directly by employees or through Employee Investment Funds was 1,366,444 shares, *i.e.,* approximately 0.53% of the share capital.

12.2.5 Subscription or purchase options for Rexel shares

This paragraph describes the share subscription or purchase option plans of Rexel and Rexel Distribution in order to present an information on the share subscription or purchase options issued and the related liquidity mechanisms.

12.2.5.1 Rexel's share purchase option plans

On October 28, 2005, the Extraordinary Shareholders' Meeting authorized the Chairman of Rexel (then a *société par actions simplifiée*) to grant certain employees or corporate officers of the Rexel Group's French or foreign companies, under two share subscription options plans, on one or more occasions, a maximum total of 3,171,300 options to subscribe for Rexel shares giving the right to subscribe for a maximum total of 3,171,300 of the Rexel shares, in the event of exercise of all the options, at a subscription price of €10 per share (before division of the par value of the Rexel's share which took place during 2007) and subject to certain conditions.

Pursuant to the delegation of powers granted to him by the Shareholders' Meeting, the Chairman:

1. on October 28, 2005, fixed the terms and conditions of a first share subscription option plan for certain of Rexel's employees or corporate officers of the Rexel Group's French or foreign companies (the **"Plan No. 1"**). Plan No. 1 concerned 2,882,000 options to subscribe for shares at the maximum, representing 2,882,000 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel's share which took place during 2007). Plan No. 1 has a duration of ten (10) years as from (i) October 28, 2005, if all the options have been granted on this date, or (ii) October 28, 2006. Under Plan No. 1, the Chairman of Rexel granted 2,775,120 options to subscribe for shares, of which 2,711,000 were effectively granted to 46 beneficiaries; and
2. on November 30, 2005, fixed the terms and conditions of a second share subscription option plan for certain other employees and corporate officers of the Rexel Group's French or foreign companies (the **"Plan No. 2"**). Plan No. 2 concerned 289,300 options to subscribe for shares at the maximum, representing 289,300 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel's share which took place during 2007). Plan No. 2 has a duration of 10 years as from (i) November 30, 2005, if all the options have been granted on this date, or (ii) November 30, 2006. Under Plan No. 2, the Chairman of Rexel granted 265,700 options to subscribe for shares, of which 259,050 were effectively granted to 198 beneficiaries.

On May 31, 2006, the Shareholders' Meeting, duly noting that there remained a certain number of options to be granted under Plan No. 1 and Plan No. 2 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel to carry out (i) a new grant of options up to a maximum of 171,000 options under Plan No. 1, and (ii) a new grant of options up to a maximum of 35,586 options under Plan No. 2. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed at €13 the subscription price for one share of Rexel upon the exercise of one option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to award (i) 169,236 options to subscribe for shares to 5 beneficiaries under Plan No. 1 and (ii) 35,550 options to subscribe for shares to 35 beneficiaries under Plan No. 2, 34,550 options having been effectively granted to 34 beneficiaries.

On October 4, 2006, the Shareholders' Meeting, duly noting that there remained a number of options to be granted under Plan No. 1 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel, under Plan No. 1, to carry out a new stock option grant up to a maximum of 164,460 options. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed the stock option subscription price at €19 per Rexel share upon the exercise of an option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day the Chairman using the delegation of powers he had been granted, decided to grant 164,460 options to 7 beneficiaries under Plan No. 1.

The beneficiaries of options granted under Plan No. 1 and Plan No. 2 may exercise their option only upon expiry of a period of non-availability of 4 years as from the time they are granted.

Consequently, the table below sets forth the number of share subscription options definitively vested as at December 31, 2008 and which can be exercised at the term of the periods of non-availability.

Plan	Plan No. 1			Plan No. 2	
Date of shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Option grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Number of options to subscribe for shares granted	2,711,000	169,236	164,460	259,050	34,550
Maximum total number of options that can be exercised (1)	1,231,002	140,944	267,452	474,456	67,976
Total number of shares that can be subscribed for (1)	1,231,002	140,944	267,452	474,456	67,976
Total number of shares that can be subscribed by (1):					
Rexel's corporate officers	–	–	–	–	–
Rexel's ten first employees	860,750	169,236	164,460	35,500	17,600
Start of option exercise period	October 28, 2009	May 31, 2010	October 4, 2010	November 30, 2009	May 31, 2010
Option expiry date	October 28, 2016	October 28, 2016	October 28, 2016	November 30, 2016	November 30, 2016
Exercise price of the option (1)	€5	€6,50	€9,50	€5	€6,50
Number of options that have been subscribed for as at December 31, 2008	–	–	–	–	–
Aggregate number of options that have been cancelled or lapsed	–	–	–	1,500	2,000
Outstanding options at the end of the financial year	1,231,002	140,944	267,452	472,956	65,976

(1) After the division of the par value of the Rexel share which occurred in 2007.

During the financial year ended December 31, 2008, (i) no option to subscribe for or to purchase shares was granted to Rexel's corporate officers or to the ten first employees of Rexel, and (ii) no option to subscribe for or to purchase shares was exercised by Rexel's corporate officers or the ten first employees of Rexel.

12.2.5.2 Plans instituted by Rexel Distribution

12.2.5.2.1 Purchase options for shares

Rexel Distribution share purchase option plans established in 1999

At the extraordinary general meeting held on May 25, 1999, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant, on one or more occasions, options giving the right to purchase existing shares of Rexel Distribution arising from share repurchases by Rexel Distribution under the conditions and within the limits of applicable laws.

On December 8, 1999, the Board of Directors of Rexel Distribution set up for the benefit of certain managers and senior executives of Rexel Distribution the plan relating to these stock purchase options and awarded 176,100 options to purchase Rexel Distribution shares, giving the right to purchase 176,100 shares of Rexel Distribution at the price of €74.67 per Rexel Distribution share. The stock options could not be exercised during a period of five years following the date of grant. The beneficiaries of these options could subsequently exercise them only during a period of five years following the expiration of this first five-year period, that is, until December 7, 2009 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the purchase price of the Rexel Distribution shares when exercising the options was adjusted. At December 31, 2008, the purchase price of Rexel Distribution shares is €55.02 per share.

12.2.5.2.2 Subscription options for shares

Rexel Distribution share subscription option plans established in 2001

At the extraordinary general meeting held on May 16, 2001, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain

employees of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the closing prices on the stock exchange during the 20 trading days preceding the option grant date.

On May 16, 2001, the Board of Directors of Rexel Distribution set up the plan relating to these options to subscribe for shares and awarded 299,300 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 299,300 shares of Rexel Distribution at the price of €81 per Rexel Distribution share. These options could not be exercised for a period of four years following the date of allocation. The beneficiaries of these options could subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 15, 2011 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price of the Rexel Distribution shares when exercising the options was adjusted. As at December 31, 2008, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2001 plan is €59.68 per share.

Rexel Distribution share subscription option plans established in 2002

On May 13, 2002, under the authorization granted by the shareholders of Rexel Distribution at the aforesaid extraordinary general meeting held on May 16, 2001, the Board of Directors of Rexel Distribution granted 360,543 options to subscribe for 360,543 Rexel Distribution shares at the price of €70.57 per Rexel Distribution share. These options could not be exercised for a period of four years following the date of allocation. The beneficiaries of these options could subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 12, 2012 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price for the Rexel Distribution shares was adjusted. As at December 31, 2008, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2002 plan is €51.99 per share.

Rexel Distribution share subscription option plans established in 2003

At the extraordinary general meeting held on May 14, 2003, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price could not be lower than 80% of the average of the opening prices on the stock exchange during the 20 trading days preceding the option grant date.

On July 7, 2003, the Board of Directors of Rexel Distribution set up the plans relating to these options and granted 623,413 options to subscribe for a maximum of 623,413 Rexel Distribution shares at the price of €26.75 per Rexel Distribution share, it being specified that 173,488 of the 623,413 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2004 and 2005. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for Rexel Distribution shares was adjusted. As at December 31, 2008, the subscription price is €21.61 per Rexel Distribution share. Options to subscribe for shares under the 2003 plan that are not covered by the liquidity agreement described below are exercisable between July 8, 2007 and July 6, 2013 inclusive.

Rexel Distribution share subscription option plans established in 2004

At the extraordinary general meeting held on May 24, 2004, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, a maximum number of options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,300,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the opening prices on the stock exchange during the 20 trading days preceding the date of grant of the options.

On July 5, 2004, the Board of Directors of Rexel Distribution set up the plans relating to these options and awarded 782,790 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 782,790 Rexel Distribution shares at the price of €35.26 per Rexel Distribution share, here being specified that 179,550 of the 782,790 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2005 and 2006. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for share subscription options was adjusted. As at December 31, 2008, the subscription price is €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan that are not covered by the liquidity agreement described below are exercisable between July 6, 2008 and July 4, 2014 inclusive.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Distribution as of December 31, 2008 :

Date of shareholders' meeting	Option type	Number of options initially granted	Option grant date	Purchase or subscription price as of grant date (in euros)	Options potentially exercisable as at December 31, 2008	Purchase or subscription price as at December 31, 2008 (in euros)	Number of options covered by liquidity agreement as at December 31, 2008	Number of Rexel shares to which the options give a right
May 25, 1999	Share purchase options	176,100	December 8, 1999	74.67	30,997	55.02	NA	30,997
May 16, 2001	Share subscription options	299,300	May 16, 2001	81	87,499	59.68	NA	87,499
May 16, 2002	Share subscription options	360,543	May 13, 2002	70.57	50,115	51.99	–	50,115
May 14, 2003	Ordinary share subscription options	449,925	July 7, 2003	26.75	545	21.61	–	545
May 14, 2003	Share subscription options tied to performance criteria	173,488	July 7, 2003	26.75	–	21.61	–	–
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	35.26	2,045	28.49	–	2,045
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	35.26	–	28.49	–	–

During the financial year ended December 31, 2008, no option was granted to Rexel's corporate officers or to the ten first employees of Rexel.

During the financial year ended December 31, 2008, the options exercised by Rexel's corporate officers and the fifteen first employees of Rexel are as follows:

Beneficiary	Date of plan	Number of options exercised during the financial year	Exercise price	Year of grant
Corporate officers				
Jean-Charles Pauze	July 5, 2004	71,233	€28.49	2004
Nicolas Lwoff	July 5, 2004	27,919	€28.49	2004
Pascal Martin	July 5, 2004	27,919	€28.49	2004
Jean-Dominique Perret	July 5, 2004	23,588	€28.49	2004
Fifteen first employees				
Patrick Bérard	July 5, 2004*	27,919	€28.49	2004
Werner Hardt	July 5, 2004*	25,011	€28.49	2004
Henri-Paul Laschkar	July 5, 2004*	23,588	€28.49	2004
Dick Waterman	July 5, 2004*	18,563	€28.49	2004
Dominique Cateau	July 5, 2004*	15,655	€28.49	2004
Hubert Salmon	July 5, 2004*	10,866	€28.49	2004
Pascal Buchner	July 5, 2004*	10,866	€28.49	2004
Pierre Ferrere	July 5, 2004*	10,866	€28.49	2004
Laetitia Olivier	July 5, 2004*	10,866	€28.49	2004
Christophe Laurent-Atthalin	July 5, 2004*	7,426	€28.49	2004
Frans Soulier	July 5, 2004*	6,188	€28.49	2004
Thierry Descudet	July 5, 2004*	6,188	€28.49	2004
Marc Paput	July 5, 2004*	–	–	2004
Gilles Deraison	July 5, 2004*	–	–	2004
John Hanna	July 5, 2004*	–	–	2004

* Ordinary 2004 share subscription option plan and 2004 share subscription option plan with performance criteria.

See note 15 to Rexel's consolidated financial statements set forth in paragraph 14.1.1 of this *Document de Référence.*

12.2.5.2.3 Liquidity agreement

Under the terms of the standing offer and public buyout offer followed by a compulsory squeeze-out initiated after Rexel Distribution was acquired by Ray Investment on December 10, 2004, Rexel Développement had set up a liquidity mechanism for the beneficiaries of stock options granted under the 2003 and 2004 plans (see paragraph 12.2.5.2.2 of this *Document de Référence*). Rexel Développement had entered into an agreement with certain beneficiaries under the terms of which such beneficiaries had undertaken to sell to Rexel Développement, if Rexel Développement wished to purchase them (the **"Call"**) and Rexel Développement had undertaken to purchase from the relevant beneficiaries, if they wished to sell them (the **"Put"**) all Rexel Distribution shares held by beneficiaries of options under the 2003 and 2004 plan and obtained by exercising their 2003 and 2004 options at the end of a four-year lock-up period. In consideration for this liquidity undertaking, the beneficiaries of 2003 and 2004 options to subscribe for shares had waived their right to exercise their options in advance under the public buyout offer followed by the compulsory squeeze-out and had also irrevocably waived their right to any options that may have been granted to them under the 1998, 1999, 2001 and 2002 plans.

With respect to the 2003 options, 360,667 Rexel Distribution shares issued as a result of the exercise of the 2003 options were purchased by Rexel Développement. As for the 2003 options, 488,969 Rexel Distribution shares issued as a result of the exercise of the 2004 options were purchased by Rexel Développement.

12.2.5.2.4 Supplemental liquidity mechanism

As part of its initial public offering plan, Rexel offered the beneficiaries of options to purchase or to subscribe for Rexel Distribution shares, a liquidity mechanism (the **"Supplemental Liquidity Mechanism"**) for the beneficiaries of Rexel Distribution options that are not covered by the liquidity mechanism set up following the acquisition of Rexel Distribution by Ray Investment.

The table below shows the number of options issued by Rexel Distribution that were potentially exercisable as of February 28, 2007, and whose beneficiaries will be covered by the Supplemental Liquidity Mechanism:

Rexel Distribution Stock Option Plans	Exercise Price	Options Not Yet Exercised / (Number of Beneficiaries)	Options Covered by Supplemental Liquidity Mechanism
1998 Plan (share purchase options)	€68.38	8,422 options / (7)	8,422 options
1999 Plan (share purchase options)	€55.02	42,416 options / (64)	42,416 options
2001 Plan (share subscription options)	€59.68	110,191 options / (105)	110,191 options
2002 Plan (share subscription options)	€51.99	264,152 options / (442)	264,152 options
2003 Plan:			
– Ordinary options	€21.61	242,793 options/ (59)	991 options (out of 2,125)*
– Performance plan		124,584 options / (33)	–
2004 Plan:			
– Ordinary options	€28.49	345,461 options / (67)	1,747 options (out of 3,792) **
– Performance plan		151,098 options / (41)	–

* 991 out of the 2,125 2003 options potentially covered by the Supplemental Liquidity Mechanism were covered by the 2007 liquidity agreement.
** 1,747 of the 3,792 2004 options potentially covered by the Supplemental Liquidity Mechanism were covered by the 2007 liquidity agreement.

With respect to options under the 1999, 2001 and 2002 plans (see paragraph 12.2.5.2.2 of this *Document de Référence*), for which the tax lock-up period (four or five years depending on the date of grant of these options) has expired, the Supplemental Liquidity Mechanism entailed granting to each beneficiary a put option that may be exercised during a period of 20 trading days as from the settlement/delivery date following admission of the Rexel shares to trading on the Euronext Paris market. Rexel undertook to purchase the Rexel Distribution shares resulting from the exercise of options under the 1999-2002 plans at a price per share equal to the product of (i) Rexel's shareholders' equity at the date of Rexel's initial public offering (*i.e.,* the number of shares that make up the share capital of Rexel at that date, multiplied by the initial offering price), increased by the amount of the net indebtedness of Rexel and Rexel Développement at the date of Rexel's initial public offering, (ii) divided by the number of Rexel Distribution shares issued and to be issued, and (iii) if applicable, multiplied by a coefficient of less than 1 to take into account the lack of liquidity of the Rexel Distribution shares. The net indebtedness of Rexel and Rexel Développement are defined as the total indebtedness less the current assets of each company at the date of Rexel's initial public offering (after elimination of any inter-company assets and liabilities). The number of Rexel Distribution shares taken into account included the shares that make up that company's share capital immediately before implementation of the Supplemental Liquidity Mechanism, plus any shares that may be issued following the exercise, conversion or subscription of any rights or securities issued by the company and giving rights to its share capital. In this context, 154,587 Rexel Distribution shares were purchased at a price of €53.06 per share. Among the share purchase or subscription options put in place by Rexel Distribution, only the 2002 plan, considering its exercise price of €51.99, was covered by the Supplemental Liquidity Mechanism proposed in 2007.

With respect to Rexel Distribution options under the 2003 and 2004 plans (see paragraph 12.2.5.2.2 of this *Document de Référence*), for which the tax lock-up periods expired on July 8, 2007 and July 6, 2008, respectively, the Supplemental Liquidity Mechanism consisted in entering into a liquidity agreement (put and call options) with the relevant option beneficiaries, who did not wish to benefit from the liquidity mechanism proposed in 2005. Only certain option beneficiaries executed the 2007 liquidity agreement concerning their 2003 and/or 2004 options. Thus, 991 out of the 2,125 2003 options potentially covered by the Supplemental Liquidity Mechanism and 1,747 out of the 3,792 2004 options potentially covered by the Supplemental Liquidity Mechanism were covered by the 2007 liquidity agreement. In this respect, Rexel benefited of a call option on the shares resulting from the exercise of the options granted by the option beneficiaries, which was exercisable during a period of 10 trading days as from the end of the tax lock-up period under the 2003 plan, at a price per share identical to the price offered to the beneficiaries of options under the 1998-2002 plans under the liquidity arrangement described above. At the end of each call exercise period, if such call option had not been exercised, the relevant option beneficiaries had a period of 20 trading days to exercise a put option granted by Rexel on the shares created as a result of the exercise of the relevant options at a price per share determined based on a multiple of Rexel's last consolidated EBITDA, plus the net

indebtedness of Rexel and Rexel Développement, divided by the number of Rexel Distribution shares issued and to be issued. In this context, in 2007 the call option was exercised by Rexel for 991 Rexel Distribution shares and in 2008 for 1,747 Rexel Distribution shares at a price of €53.06 per share.

12.2.6 Allotment of free shares

Allotment of free shares carried out during the financial year ended December 31, 2007

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on March 20, 2007 and by the Supervisory Board on April 4, 2007, the Management Board decided on April 11, 2007:

- to grant 5,022,190 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;
- to set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the holding period, as included in the regulations of plans for granting shares free set out by the Management Board (the **"Plans"**). The regulations of the Plans are designated in function of their specific terms and conditions by the letters A, B, C, D, E, and F;
- to establish (i) the list of the names of the beneficiaries of the free share awards (collectively, the **"Beneficiaries of Free Shares"**), (ii) the number of free shares granted to each of the Beneficiaries of Free Shares, and (iii) the conditions applicable to each of the Beneficiaries of Free Shares according to Plans A, B, C, D, E and/or F under which, as the case may be, they are granted free shares.

On April 4, 2007, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these awards of free shares, certain Beneficiaries of Free Shares left the Rexel Group, thus liberating 45,949 shares that could be granted for free to new employees. Consequently, on October 5, 2007, the Supervisory Board authorized the Management Board to proceed with distributing the liberated shares to new employees who entered the Rexel Group between April 11, 2007 and October 29, 2007. On October 29, 2007, the Management Board decided:

- to grant 33,991 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;
- to amend the two plans, E and F, that were implicated in the granting of the liberated shares, designated by the titles "Plan for Granting Free Shares 2+2 with conditions of performance 2007/2008" and "Plan for Granting Free Shares 4+0 with conditions of performance 2007/2008";
- to establish (i) the list of the names of the new beneficiaries of awards of free shares, (ii) the number of free shares granted to each of them, and (iii) the conditions applicable to each of the beneficiaries according to amended plans E and F under which, as the case may be, they have been granted the free shares.

The table below summarizes the free shares allocations carried out in 2007.

Plan	A	B	C	D	E		F	
Shareholders' Meeting	March 20, 2007							
Management Board	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	April 11, 2007	October 29, 2007
Number of beneficiaries	22	36	22	36	134	6	372	5
Initial number of free shares allocated	1,302,133	1,254,443	607,655	585,400	333,435	7,474	939,124	26,517
Corporate officers								
Jean-Charles Pauze	353,810	–	165,111	–	–	–	–	–
Nicolas Lwoff	180,203	–	84,094	–	–	–	–	–
Pascal Martin	180,203	–	84,094	–	–	–	–	–
Jean-Dominique Perret	120,136	–	56,063	–	–	–	–	–
Ten first employees	1,520,263							
Date of final allocation	April 11, 2009	April 11, 2011	April 11, 2009	April 11, 2011	April 11, 2009	October 29, 2009	April 11, 2011	October 29, 2011
Date of transferability of shares	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	October 30, 2011	April 12, 2011	October 30, 2011
Number of free shares irrevocably allocated as at December 31, 2008	–	–	–	–	–	–	–	–
Number of free shares that have been cancelled or lapsed	–	–	44,953	43,301	40,145	–	130,752	–
Number of free shares allocated and effective as at December 31, 2008	1,302,133	1,254,443	562,702	542,099	293,290	7,474	808,372	26,517

During the financial year ended December 31, 2008, none of the free shares allocated to the corporate officers and to the ten first employees of Rexel became available.

Allotment of free shares carried out during the financial year ended December 31, 2008

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 20, 2008, the Management Board decided on the principle of granting free shares and, during its meeting on June 23, 2008, decided:

- to confirm and definitively set the list of beneficiaries of free shares under the June 23, 2008 Plans;
- to definitively establish (i) the criteria and conditions for allocating free shares, in particular the conditions of performance, and (ii) the term of the period of acquisition and, as the case may be, of the holding period for the shares, as they appear in the regulations for plans granting free shares established by the Management Board (the **"Plans"**). The regulations of the Plans are designated, in accordance with their specific terms and conditions, by the denominations "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 1,541,720 free Rexel shares under the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code.

On May 20, 2008, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these allocations of free shares, 21,784 Rexel shares were liberated because certain beneficiaries left the Rexel Group.

In accordance with the twenty-seventh resolution of Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008, the Management Board has decided, on October 1, 2008, to proceed with a second allocation of free shares and:

- to modify the maturity dates of the periods of acquisition and transfer of the Plans, the performance criteria being identical to those established for the grant on June 23, 2008;
- to proceed with a free grant of 66,241 Rexel shares, pursuant to the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code;
- to confirm and definitively set the list of beneficiaries of grants of free shares under the Plans.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2008:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' Meeting	May 20, 2008							
Management Board	June 23, 2008				October 1, 2008			
Number of beneficiaries	7	6	130	279	–	1	3	10
Initial number of free shares allocated	241,211	217,920	280,698	801,891	–	28,436	3,456	34,349
Corporate officers								
Jean-Charles Pauze	70,708	–	–	–	–	–	–	–
Nicolas Lwoff	35,581	–	–	–	–	–	–	–
Pascal Martin	35,581	–	–	–	–	–	–	–
Jean-Dominique Perret	35,581	–	–	–	–	–	–	–
Ten first employees	328,021							
Date of final allocation	June 23, 2010	June 23, 2012	June 23, 2010	June 23, 2012	October 1, 2010	October 1, 2012	October 1, 2010	October 1, 2012
Date of transferability of shares	June 24, 2012	June 24, 2012	June 24, 2012	June 24, 2012	October 2, 2012	October 2, 2012	October 2, 2012	October 2, 2012
Number of free shares irrevocably allocated at December 31, 2008	–	–	–	–	–	–	–	–
Number of free shares that have been cancelled or lapsed	–	–	13,218	18,848	–	–	–	2,853
Number of free shares allocated and effective at December 31, 2008	241,211	217,920	267,480	783,043	–	28,436	3,456	31,496

During the financial year ended December 31, 2008, the Management Board allocated the following free shares of Rexel to the corporate officers and the ten first employees:

Beneficiary	Plan	Number of shares allocated during financial year	Valuation of allocated shares*	Date of acquisition	Date of availability	Performance criteria
Corporate officers						– the acquisition of 50% of the number of free shares depends on the variation in the EBITDA margin between 2007 and 2009; – the acquisition of 25% of the number of free shares depends on the 2008 EBITDA level; and – the acquisition of 25% of the number of free shares depends on the level of the 2009 Net Debt / 2009 EBITDA ratio.
Jean-Charles Pauze	June 23, 2008	70,708	604,553	June 23, 2010	June 24, 2012	
Nicolas Lwoff	June 23, 2008	35,581	304,218	June 23, 2010	June 24, 2012	
Pascal Martin	June 23, 2008	35,581	304,218	June 23, 2010	June 24, 2012	
Jean-Dominique Perret	June 23, 2008	35,581	304,218	June 23, 2010	June 24, 2012	
Ten first employees						– the acquisition of 50% of the number of free shares depends on the variation in the EBITDA margin between 2007 and 2009; – the acquisition of 25% of the number of free shares depends on the 2008 EBITDA level; and – the acquisition of 25% of the number of free shares depends on the level of the 2009 Net Debt / 2009 EBITDA ratio.
Christopher Hartmann	June 23, 2008	94,789	714,709	June 23, 2012	June 24, 2012	
	October 1, 2008	28,436	223,791	October 1, 2012	October 2, 2012	
Patrick Bérard	June 23, 2008	35,581	304,218	June 23, 2010	June 24, 2012	
Henri-Paul Laschkar	June 23, 2008	35,581	268,281	June 23, 2012	June 24, 2012	
Jeremy De Brabant	June 23, 2008	27,893	210,313	June 23, 2012	June 24, 2012	
Mitch Williams	June 23, 2008	27,893	210,313	June 23, 2012	June 24, 2012	
Paul Zekhuis	June 23, 2008	17,790	152,105	June 23, 2010	June 24, 2012	
Werner Hardt	June 23, 2008	15,882	119,750	June 23, 2012	June 24, 2012	
Jeff Hall	June 23, 2008	15,882	119,750	June 23, 2012	June 24, 2012	
Kerry Warren	June 23, 2008	14,147	106,668	June 23, 2012	June 24, 2012	– the acquisition of 40% of the number of free shares depends on the variation in the EBITDA margin between 2007 and 2009; and – the acquisition of 20% of the number of free shares depends on the 2008 EBITDA level.
Brad Greene	June 23, 2008	14,147	106,668	June 23, 2012	June 24, 2012	

* According to the method used for the consolidated financial statements.

During the financial year ended December 31, 2008, no free shares became available.

12.2.7 Issuance and grating of warrants to subscribe for Rexel shares

On April 4, 2007, the Management Board decided to use the authorization granted to him by the Ordinary and Extraordinary Shareholders' Meeting of February 13, 2007 in its eleventh resolution in order to carry out an increase in Rexel's share capital reserved for the employees. In order to take into account the constraints relating to local regulation, the Management Board has decided that the subscription price of the shares reserved for the beneficiaries in Germany (the **"German Beneficiaries"**), within the context of the leverage formula, would correspond to 100% of the offer price, *i.e.* €16.50 (after the division of the par value of the Rexel share which occurred in 2007), the German Beneficiaries receiving, in lieu of the 20% discount, a warrant to subscribe for shares of Rexel (a **"Warrant"**) for each share subscribed for through the compartment "Rexel Germany Levier 2012" of the "Rexel Actionnariat International" Employee Investment Fund.

Number of Warrants issued

The number of shares subscribed for within the context of the leverage formula in Germany amounting to 40,594, 40,594 Warrants, attached to the said shares subscribed for through the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, approved by the AMF under the number

FCE20070042, on behalf of the German Beneficiaries, holders of share of the "Rexel Germany Levier 2012" Employee Investment Fund, have been issued and freely allocated.

Form of the Warrants issued

The Warrants are held in registered form. They are registered in the name of the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, in an account maintained by BNP PARIBAS SECURITIES SERVICES, 3 rue d'Antin, 75002 Paris.

Terms of exercise of the warrants (BSAs)

The Warrants are exercisable at any time by the holder of the Warrants until April 30, 2012, inclusive. After April 30, 2012 at midnight, the Warrants which will not have been exercised will lapse.

The "Rexel Germany Levier 2012" Compartment of the "Rexel Actionnariat International" Employee Investment Fund, holder of the Warrants, will not be able to sell the Warrants except to BNP PARIBAS, underwriter, which will act as a counterpart within the context of the swap agreement entered into between BNP PARIBAS and the "Rexel Germany Levier 2012" compartment.

Representation of the Warrants holders

In accordance with Article L.228-103 of the French Commercial Code, Warrants holders will be grouped together, to protect their common interests, in a collective group *(masse)* which shall have legal personality. The *Masse* is governed by provisions identical to those applicable to bonds, under Articles L.228-47 to L.228-64, L.228-66 and L.228-90 of the French Commercial Code. A separate *Masse* for each type of securities giving access to the same rights will be, as the case may be, created.

Maintenance of the rights of the Warrants holders

In the event of a transaction affecting Rexel's share capital resulting in an adjustment in accordance with the provisions of Articles L.228-98 *et seq.* of the French Commercial Code and Articles R.228-87 *et seq.* of the French Commercial Code, the rights of the Warrants holders will be maintained through an adjustment of the subscription conditions in accordance with the provisions of the French Commercial Code above mentioned.

Exercise of the subscription right

Subject to the adjustments effected, as the case may be, in accordance with the above paragraph, each Warrant gives the right to subscribe for one new share of Rexel with a par value of €5 (as of the date hereof) in consideration of a subscription price corresponding to the Offer Price as determined by the Management Board on April 2007, 16.50, *i.e.,* €16.50 (after the division of the par value of the Rexel share which occurred in 2007). The subscription price will have to be fully paid in cash by the Warrant holder in an amount corresponding to the number of Warrants exercised. The new shares subscribed upon exercise of the Warrants will be fully fungible with existing shares and shall confer to their holders the same rights.

An application will be immediately filed with respect to the listing of the new shares on the Euronext Paris market.

12.3 SHAREHOLDERS' VOTING RIGHTS

Each share of Rexel entitles the holder to one vote. Consequently, as of the registration date of this *Document de Référence,* the Rexel's shareholders hold the same number of voting rights as the number of shares they own.

12.4 CONTROL STRUCTURE

Rexel is currently controlled directly by Ray Investment, a *société à responsabilité limitée* (limited liability company) governed by the laws of Luxembourg, which owns 76.13% of Rexel. Ray Investment is owned, directly or indirectly, by Clayton, Dubilier & Rice, Inc., Eurazeo S.A., Merrill Lynch Global Private Equity and other investors. The remainder of Rexel's share capital is held by the principal Rexel Group senior managers and executives and the public.

The structure of management, as well as the combination of the corporate governance measures described in paragraph 10.8 of this *Document de Référence,* will notably enable Rexel to avoid being controlled in an "abusive manner" within the meaning of European Council Regulation N°809/2004 dated April 29, 2004.

12.5 AGREEMENTS POTENTIALLY LEADING TO A CHANGE OF CONTROL

CD&R, Eurazeo, MLGPE and Ray Investment, the Caisse de Dépôt et Placement du Québec and Citygroup Venture Capital Equity Partners L.P. (either directly or through their respective investment vehicles) entered into several agreements in order to structure their relationship as direct and indirect shareholders of Rexel. These agreements are described below.

12.5.1 Ray Investment Shareholders' Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, MLGPME, the Caisse de Dépôt et Placement du Québec and Citigroup Venture Capital Equity Partners L.P. amended the existing Ray Investment shareholders agreement entered into on March 26, 2005 (the **"Ray Investment Shareholders' Agreement"**). The Ray Investment Shareholders' Agreement aims at structuring the relationships between the shareholders of Ray Investment.

The Ray Investment Shareholders' Agreement notably provides that decisions to be taken by Ray Investment as a shareholder of Rexel, as well as certain decisions with respect to Ray Investment should be previously approved by the members of the Consortium or of Ray Investment partners, in accordance with particular majority requirements.

With the exception of transfers to affiliates, interests held in Ray Investment are not transferable to third-parties without the prior written consent of CD&R, Eurazeo, MLGPE and the Caisse de Dépôt et Placement du Québec.

However, the parties to the Ray Investment Shareholders' Agreement have the option to exchange their shares in Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with certain conditions.

The Ray Investment Shareholders' Agreement entered into force upon the admission of Rexel's shares to trading on the Euronext Paris market and will remain in effect for 10 years from the date of this admission. However, the Ray Investment Shareholders' Agreement will cease to apply to a given party at such time as such party no longer holds any interest in Ray Investment.

12.5.2 Rexel Shareholders' Agreement

On April 4, 2007, CD&R, Eurazeo and MLGPE entered into a shareholders' agreement (the **"Rexel Shareholders' Agreement"**) in order to organize the corporate governance of Rexel.

The Rexel Shareholders' Agreement provides that Rexel's Supervisory Board comprises three members appointed from a list proposed by CD&R, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by MLGPE and three independent members, one of whom may be appointed from a list proposed by MLGPE, so long as such person meets independence criteria and MLGPE's direct or indirect participation in Rexel's capital remains equal to at least 5%. The number of Supervisory Board members that may be nominated by CD&R, Eurazeo and MLGPE may be reduced if their direct or indirect ownership of Rexel is reduced below certain thresholds.

CD&R has the right to nominate the first chairman of the Supervisory Board. Subsequently, if Eurazeo or MLGPE's shareholdings are greater by 50% than CD&R's, Eurazeo or MLGPE, as the case may be, will be entitled to nominate the chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board have the following four committees: an audit committee, a compensation committee, an appointments committee and a strategic committee.

The Rexel Shareholders' Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and MLGPE cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital or if such shareholders cease to control Rexel within the meaning of article L.233-3 of the French Commercial Code. In any case, the provisions of the Rexel Shareholders' Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Rexel Shareholder's Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

The Rexel Shareholder's Agreement also provides that it will automatically become void if any of the shareholders (acting alone or through one of its subsidiaries) launches a tender offer to purchase all of Rexel's existing shares.

12.5.3 Liquidity Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, MLGPE, the Caisse de Dépôt et de Placement du Québec and Citigroup Venture Capital Equity Partners L.P. entered into an agreement relating to the acquisition and disposal of Rexel's shares (the **"Liquidity Agreement"**).

Since the lock-up period has expired on January 1, 2008, CD&R, Eurazeo, MLGPE, the Caisse de Dépôt et de Placement du Québec and Citigroup Venture Capital Equity Partners may, under certain conditions:

- Sell, or have Ray Investment sell, Rexel shares into the market subject to a maximum of €10 million per 30-day period, subject to prior notice to the other shareholders of Ray Investment; and
- Initiate, or have Ray Investment initiate, (i) the sale of Rexel's shares through a block trade with reasonably estimated gross proceeds of at least €75 million, or (ii) an underwritten secondary public offering of Rexel's shares with reasonably estimated gross proceeds of at

least €150 million (it being clarified that such an offering may not be initiated within six months of the completion of a similar offering without the prior approval of CD&R, Eurazeo and MLGPE). The other parties to the Liquidity Agreement will have the right to participate in such block trades or offerings, pro rata to their respective shareholdings.

The transfer of Rexel's shares between affiliates of the parties to the Liquidity Agreement are authorized since January 1, 2008, at any time, subject to the transferee affiliate agreeing to adhere to the provisions of the Liquidity Agreement. In addition, the Liquidity Agreement will not apply to market transactions or asset management transactions effected by any bank or asset management company affiliated with CD&R, Eurazeo or MLGPE.

The Liquidity Agreement also provides that any sale of Rexel shares to a competitor of the Rexel Group be subject to the prior approval of CD&R, Eurazeo and MLGPE (with the exception of sales made in the context of a public offering covering 100% of the shares of Rexel).

The Liquidity Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and MLGPE cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital. In any case, the provisions of the Liquidity Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Liquidity Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

12.5.4 Public Offering Rights Agreement

On February 13, 2007, Ray Investment, CD&R, Eurazeo, MLGPE, the Caisse de Dépôt et de Placement du Québec and Citigroup Venture Capital Equity Partners L.P. on February 13, 2007 entered into an agreement in order to structure their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the partners of Ray Investment is able to request that, starting January 1, 2008, Ray Investment proceeds with the repurchase of all of such partner's current interests in Ray Investment in exchange for the corresponding amount of Rexel' shares held by Ray Investment.

In addition, in the event that Ray Investment effects a capital decrease through the repurchase of ownership interests using proceeds from the sale of shares in the proposed initial public offering of Rexel, each of the partners of Ray Investment will be entitled to participate in this capital decrease, pro rata to their interest in Ray Investment Payment for such interests will be made through cash or shares of Rexel held by Ray Investment. This foregoing will remain true, even if such a capital decrease occurs before January 1, 2008.

12.5.5 Cooperation Agreement

On April 4, 2007, Ray Investment and its partners entered into an agreement (the **"Cooperation Agreement"**) in order to structure their relationships in case of sale of Rexel's shares by Ray Investment or its partners in the context of a public offering or a private placement and to the extent that the proceeds of such offering would exceed €100 million (except for any public offer outside of France that would require the filing of a prospectus by a market authority).

The Cooperation Agreement notably specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers as well as the due diligences to be conducted in the context of these transactions. Rexel will not have to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter exceed €100 million (except for the initial public offering of Rexel's shares). Similarly, Rexel has no obligation to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares during the lock-up period, the length of which could be possibly modified upon request of the underwriters. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any secondary offering if/as long as Rexel's Supervisory Board considers that taking part to the latter would go against Rexel's corporate purpose.

13. Related party transactions

13.1 PRINCIPAL RELATED PARTY TRANSACTIONS

The agreements that were entered into between Rexel and related parties, or the members of the Management Board of Rexel, the members of the Supervisory Board of Rexel, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of Articles L.225-86 *et seq.* of the French Commercial Code, during the financial year ended December 31, 2008 are:

Agreements entered into during the financial year ended December 31, 2008:

– a Fee Letter that supplemented and finalized the terms and conditions of the Equity Commitment Letter entered into on November 11, 2007. On December 19, 2007, Rexel entered into the Senior Credit Agreement. Facility C of the Senior Credit Agreement was reserved for financing the acquisition of the securities of Hagemeyer and paying the expenses and charges relating thereto. In the event that the proceeds of the Assets Sales would not have been sufficient to allow for the reimbursement of this facility, this facility should have been reimbursed, notably, by means of a share capital increase of Rexel the subscription of which was guaranteed by Clayton Dubilier & Rice Fund VII L.P., Ray France Investment and MLGPE Fund International II L.P. (the **"Investors"**). Under the terms of the Fee Letter, Rexel has undertaken to pay to each of the Investors in consideration for their guarantee of the subscription for Rexel's share capital increase: (i) an initial commission of 40 basis points for a period beginning on November 11, 2007 and running until 6 months following the closing date calculated on the basis of an amount of the guaranteed subscription to the share capital increase by each of the Investors, *i.e.,* a total of €737 million distributed among Clayton Dubilier & Rice Fund VII L.P. (€269,950,000), Eurazeo (€262,230,00) and Merrill Lynch (€204,820,000) and (ii) in the event that Rexel exercises its option to extend the term of Facility C, an additional commission of 20 basis points per additional three-month period, calculated on the basis of the amount of the guaranteed subscription by each of the Investors. This agreement, which is no longer effective, was authorized by the Supervisory Board on March 6, 2008;

– an amendment n°1 to the Senior Credit Agreement including a new line of credit called Facility A' (dated September 22, 2008), which provides for the following modifications to the Senior Credit Agreement: (i) the total maximum amount of the banks' commitment has been reduced from €5.4 billion to €3.3 billion and (ii) a new line of credit called Facility A' with a maximum amount of €60 million, of which the characteristics are the same as those of Facility A, with the exception of the prioritized mandatory early reimbursement of the Facility A' credit line with the proceeds of the securitization plan that is to be put in place with certain of the Rexel Group's subsidiaries, has been created. This agreement was authorized by the Supervisory Board on September 19, 2008.

Transactions covered by article L.225-90-1 of the French Commercial Code, that were entered into during the financial year ended December 31, 2008:

– the commitments undertaken for the benefit of Mr. Jean-Charles Pauze, as Chairman of the Management Board, providing for the payment of contractual indemnities in lieu of notice and for termination of the employment agreement, subject to the satisfaction of performance criteria. This agreement was authorized by the Supervisory Board on May 13, 2008 and was approved by the Shareholders' meeting of Rexel on May 20, 2008;

– the commitments undertaken for the benefit of Mr. Nicolas Lwoff, as member of the Management Board, providing for the payment of contractual indemnities in lieu of notice and for termination of the employment agreement, subject to the satisfaction of performance criteria. This agreement was authorized by the Supervisory Board on May 13, 2008 and was approved by the Shareholders' meeting of Rexel on May 20, 2008;

– the commitments undertaken for the benefit of Mr. Pascal Martin, as member of the Management Board, providing for the payment of contractual indemnities in lieu of notice and for termination of the employment agreement, subject to the satisfaction of performance criteria. This agreement was authorized by the Supervisory Board on May 13, 2008 and was approved by the Shareholders' meeting of Rexel on May 20, 2008;

– the commitments undertaken for the benefit of Mr. Jean-Dominique Perret, as member of the Management Board, providing for the payment of contractual indemnities in lieu of notice and for termination of the employment agreement, subject to the satisfaction of performance criteria. This agreement was authorized by the Supervisory Board on May 13, 2008 and was approved by the Shareholders' meeting of Rexel on May 20, 2008.

Transactions entered into during prior financial years, which remained effective during the financial year ended December 31, 2008:

– the Cooperation Agreement entered into on April 4, 2007. This agreement was authorized by the Supervisory Board on April 4, 2007;

– the Senior Credit Agreement entered into on December 19, 2007. This agreement was authorized by the Supervisory Board on December 16, 2007;

– a tax integration agreement entered into by Rexel on December 12, 2005. Rexel opted on March 9, 2005, for the establishment of a new integrated tax group between Ray Acquisition S.A.S. (renamed Kelium), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S.) and

Rexel, of which Rexel is the parent company. Pursuant to this option, Rexel has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés),* for the additional contribution based on corporate tax pursuant to article 235 ter ZA of the French General Tax Code, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French General Tax Code, and for yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by Rexel and the subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223 A *et seq.* of the French General Tax Code. This agreement was authorized by the Board of Directors on June 27, 2005;

– a Facility Agreement which was authorized by the Supervisory Board on February 13, 2007. This agreement was terminated with the reimbursement of the loan on March 14, 2008;

– a Supplemental Agreement which was authorized by the Supervisory Board on August 1, 2007. This agreement was terminated with the reimbursement of the loan on March 14, 2008.

Ordinary agreements entered into under customary terms during the financial year ended December 31, 2008 or entered into in previous financial years and which were continued during the financial year ended December 31, 2008:

– a loan agreement between Rexel (as lender) and Rexel Distribution (as borrower) in the amount of €141,982,708. This loan agreement was amended in order to increase the initial amount from €194,000,000 to €230,000,000. The loan has been fully reimbursed by Rexel Distribution as of December 31, 2008; and

– a loan agreement between Rexel (as lender) and Rexel Développement (as borrower) in an amount of €1,395,999,997. This loan agreement was amended in order to increase the initial amount from €746,000,000 to €1,346,000,000. In addition, this loan agreement was amended on April 1, 2008 in order to modify the applicable interest rate.

13.2 SPECIAL REPORTS OF THE STATUTORY AUDITORS IN RELATION TO RELATED PARTY AGREEMENTS

13.2.1 Special report of the Statutory Auditors in relation to the related party agreements for 2008

This is a free translation into English of the Statutory Auditor's report in relation to related party agreements and commitments in the French language and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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92037 Paris-La Défense Cedex
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Rexel S.A.

Registered office:
189-193 boulevard Malesherbes - 75017 Paris

Share capital:
€1,279,969,135

Special report of the Statutory Auditors in relation to related party agreements and commitments

Financial year ended December 31, 2008

Dear Shareholders,

In our capacity as statutory auditors of your company, we hereby present our report on related party agreements and commitments.

1 Related party agreements and commitments authorized during the financial year

Pursuant to Article L.225-88 of the French Commercial Code, we have been informed of the agreements and commitments that have been previously authorized by your supervisory board.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the main terms and conditions of the agreements and commitments of which we have been informed. It is not our role to determine whether these agreements and commitments are beneficial or appropriate. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code, to assess the benefits arising from the entry into these agreements and commitments in view of their approval.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)*. These procedures are intended to verify that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Fee Letter

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company.

Clayton Dubilier & Rice Fund VII L.P., Ray France Investment and Merrill Lynch Global Private Equity Fund International II L.P. in their capacity as shareholders of your Company.

Description and purpose

Your Supervisory Board authorized, on March 6, 2008, the entry into a Fee Letter between your Company and Clayton Dubilier & Rice Fund VII L.P., Ray France Investment and Merrill Lynch Global Private Equity Fund International II L.P. (the "Investors") aiming at complementing and finalizing the terms and conditions of the Equity Commitment Letter entered into on November 11, 2007. On December 19, 2007, Rexel entered into the Senior Credit Agreement (as defined below). Facility C of the Senior Credit Agreement was reserved for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating thereto. Assuming that the proceeds of Asset Sales would not have been sufficient to allow its repayment, this Facility should have been repaid, in particular, through a share capital increase of Rexel to be underwritten by the Investors. Under the Fee Letter, Rexel has agreed to pay each of the Investors, in consideration for underwriting the subscription to the share capital increase of Rexel: (i) a fee of 40 base points for the period between November 11, 2007 until six months after the Closing Date, calculated on the basis of a subscription to the share capital increase underwritten by each of the Investors, i.e., a total amount of €737 million divided between Clayton Dubilier & Rice Fund VII LP (K€269,950), Eurazeo (K€262,230) and Merrill Lynch (K€204,820) and (ii) in the event of the exercise by Rexel of the extension option in relation to the term of Facility C, an additional fee of 20 base points for each additional 3-month period, calculated on the basis of the amount underwritten by each of the Investors.

Terms and conditions

Your Company recorded expenses in the amount of K€2,948 in respect of this agreement during the year ended December 31, 2008. This agreement expired upon the repayment of Facility C.

Amendment to the Senior Credit Agreement

Related parties

Jean-Charles Pauze, in his capacity as director of Kelium S.A.S. (formerly Ray Acquisition S.A.S.) and Chairman of the Management Board of your Company.

Description and purpose

Your Supervisory Board authorized your Company, on September 19, 2008, to execute the Amendment N°1 to the Senior Credit Agreement, intended to include a new line of credit known as Facility A' (dated September 22, 2008) and providing for the following amendments to the Senior Credit Agreement: (i) the maximum total commitment of the banks was reduced from K€5,400,000 to K€.3,300,000 and (ii) a new credit line was created, known as Facility A', of a maximum amount of K€60,000, with the same terms and conditions as the credit line known as Facility A, with the exception of a priority mandatory early repayment of the credit line known as Facility A' using the proceeds of the securitization program which will be set up with certain subsidiaries of the Rexel Group.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2008.

2 Related party agreements and commitments authorized and approved during the financial year

The agreements referred to in this paragraph, authorized by the Supervisory Board on May 13, 2008, were presented in our special report dated May 15, 2008 and have been approved by the shareholders' meeting of May 20, 2008.

Commitments at the benefit of members of the Management Board of the Company in case of termination of their duties

Description and purpose

The Supervisory Board approved, on May 13, 2008 the financial terms and conditions that would apply in the event of termination of the duties of a member of the Management Board and the performance targets in relation to the deferred compensation items, in accordance with Article L.225-90 -1 of the French Commercial Code and pursuant to the "TEPA" law dated August 21, 2007.

Terms and conditions

1 In the event of the termination of the employment agreement at the option of the employer following the end of his duties as a corporate officer, and except in case of serious misconduct *(faute grave)* or gross misconduct *(faute lourde)* :

a. Jean-Charles Pauze will benefit of a contractual indemnity equal to 24 months of his Monthly Reference Compensation in his capacity as corporate officer or as an employee of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in his capacity as corporate officer, during the twelve months preceding the month in which severance of contractual relations would be served, plus the gross amount of the last bonus received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve. This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement. This indemnity shall not apply in the event of

a retirement leave or compulsory retirement leave at the option of the employer, with the exception of the severance indemnity applicable pursuant to the collective bargaining agreement in such case. Jean-Charles Pauze would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of his contractual compensation in his capacity as officer or as employee of the Company, depending on the date of such termination of the employment agreement;

b. Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret would benefit of a contractual indemnity equal to 18 months of their Monthly Reference Compensation in their capacity as corporate officers or as employees of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in their capacity as corporate officers, during the twelve months preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two bonuses received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve. This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement. It also includes the gross amount of the financial consideration for any non-compete clause that may apply. Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret would also benefit, in these circumstances, of a compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of their contractual compensation in their capacity as corporate officers or as employees of the Company, depending on the date of such termination of the employment agreement.

2 The indemnity in lieu of notice and in relation to the termination of employment agreement which would be paid to Jean-Charles Pauze, Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret, would be subject to the following performance targets (in addition to the conventional minimum that may apply), and would be determined as follows:

a. Payment of 50% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the EBITDA (operating income before other income and other expenses, plus depreciation and amortization) level of the Rexel Group. This payment would be due up to 100% if the level of EBITDA, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 60% of the budgeted value for this financial year. If, during the financial year, the economic and financial situation of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

b. Payment of 35% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ATWC (Average Trade Working Capital) level of the Rexel Group. This payment would be due up to 100% if the level of ATWC (in percentage of sales), calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 125% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

c. Payment of 15% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ROCE (Return On Capital Employed) level of the Rexel Group. This payment would be due up to 100% if the level of ROCE, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 75% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2008.

3 Related party agreements and commitments authorized in previous years with continuing effect

Furthermore, pursuant to the French Commercial Code, we have been informed that the performance of the following agreements and commitments approved in prior years, continued during the last financial year.

Tax consolidation agreement

Description and purpose

On June 27, 2005, your Board of Directors authorized the Company to sign the tax consolidation agreement dated March 9, 2005, thereby joining the new tax group with Kelium S.A.S. (formerly Ray Acquisition S.A.S.) and Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.), with

your Company as parent company. Pursuant to this option, your Company has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés),* for the social contribution on corporate profits pursuant to article 235 ter ZC of the French General Tax Code and for the yearly flat-rate tax *(imposition forfaitaire annuelle),* owed by the group formed by your Company and the Subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223 A *et seq.* of the French General Tax Code (hereafter the "Tax Consolidation Agreement").

Terms and conditions

During the financial year ended December 31, 2008, your Company has recognized income arising from the operation of the tax consolidation agreement of K€63,994. An asset of an equivalent amount is shown on the balance sheet at December 31, 2008.

Secondary offering cooperation agreement

Description and purpose

On April 4, 2007, your Supervisory Board authorized your Company to enter into an agreement to regulate the relations between the parties in the event of any sale by Ray Investment S.a.r.l. or its shareholders of the shares of your Company for a consideration of at least K€100,000.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2008.

Facility Agreement

Description and purpose

On December 16, 2007, your Supervisory Board authorized the entry into a multi-currency syndicated credit agreement between your Company, in its capacity as Borrower and Guarantor, Kelium S.A.S., in its capacity as Borrower, and Calyon, Crédit Industriel et Commercial (CIC), HSBC France, ING Bank NV, NATIXIS and The Royal Bank of Scotland, in their capacity of Mandated Lead Arrangers, and with CALYON in its capacity as Facility Agent and Security Agent, in a total amount of K€5,400,000 (the "Facility Agreement"), in order to finance a public takeover bid for the shares of Hagemeyer and to refinance Rexel's 2007 Senior Credit Agreement and Hagemeyer's existing credit lines.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2008.

Loan agreement with Rexel Distribution S.A.

Description and purpose

On May 14, 2007, your Supervisory Board authorized an amendment to the loan agreement dated April 11, 2007 between your Company and Rexel Distribution S.A. under which the loan amount was increased from K€194,000 to K€230,000.

This contract was subject to an addendum entered into on April 1, 2008, the purpose of which was to amend the amount of the applicable interest rate.

Terms and conditions

Your Company recorded interest income of K€4,544 in respect of this agreement until March 31, 2008.

Loan agreement with Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.)

Description and purpose

On April 4, 2007, your Supervisory Board authorized the Company to enter into a Loan Agreement under which the Company undertook to lend an amount of K€746,000 to Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.).

A number of loans had previously been granted to Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.) and authorized by the Board of Directors of your Company, on January 25, February 28, and March 9, 2005, for a maximum total principal amount of K€1,040,000.

On May 14, 2007, your Supervisory Board authorized (i) the capitalization of part of the shareholders' loan, in an amount of K€550,000; (ii) the termination of the shareholders' loan entered into prior to 2007; and (iii) the increase by K€600,000 of the amount of the Loan Agreement entered into on April 11, 2007, from K€746,000to K€1,346,000.

This contract was subject to an addendum entered into on April 1, 2008, the purpose of which was to amend the amount of the applicable interest rate.

Terms and conditions

Your Company recorded interest income of K€15,292 in respect of this agreement until March 31, 2008.

Facility Agreement

Description and purpose

On February 13, 2007, your Supervisory Board authorized your Company to enter into a loan agreement known as "Facility Agreement" in the capacity of Borrower and Guarantor, between your Company, Rexel Distribution S.A. and certain of its subsidiaries, in the capacity of Obligors, and BNP Paribas, CALYON, The Royal Bank of Scotland Plc and HSBC France, in their capacity as Mandated Lead Arrangers and Original Lenders, and Calyon in its capacity as Agent, in a total principal amount of approximately K€2,100,000 for a term of five years and one day as from the first drawdown date.

Terms and conditions

This agreement expired upon the repayment of the loan on March 14, 2008.

Supplemental Agreement

Description and purpose

On August 1, 2007, your Supervisory Board authorized your Company to enter into a supplemental agreement

to the Facility Agreement, between your Company, Rexel Distribution S.A.S. and certain of its subsidiaries, in the capacity of Obligors, and BNP Paribas, CALYON, The Royal Bank of Scotland Plc and HSBC France, in their capacity as Mandated Lead Arrangers and Original Lenders, and CALYON in its capacity as Agent, with the purpose of increasing Facility B by a maximum total amount of K€285,000, and of repaying Facility A.

Terms and conditions

This agreement expired upon the repayment of the loan on March 14, 2008.

Paris-La Défense, February 11, 2009

KPMG Audit
Division of KPMG S.A.

Hervé Chopin
Partner

ERNST & YOUNG Audit

Jean Bouquot
Partner

Pierre Bourgeois
Partner

13.2.2 Special reports of the statutory auditors in relation to the related party agreements for 2007 and 2006

The special report of the statutory auditors in relation to the related party agreements for the financial year ended December 31, 2006 is set out in the prospectus that has been granted visa number 07-093 on March 20, 2007 by the French *Autorité des marchés financiers,* and which is incorporated by reference in this *Document de Référence.*

The special report of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2007 is set out in the prospectus that has been granted visa number R.08-046 on April 30, 2008 by the French *Autorité des marchés financiers.*

14. Financial information concerning the assets and liabilities, financial position and profits and losses of Rexel

Rexel is a holding company that was incorporated in December 2004. It has no operating activities of its own, but acquired Rexel Distribution and its subsidiaries on March 16, 2005 through its subsidiary Ray Acquisition S.C.A., which became Rexel Développement. On December 21, 2007, Rexel submitted an offer to purchase all of the securities of Hagemeyer, the settlement-delivery of which occurred on April 21, 2008.

Following the completion of the Offer, Rexel took over the control of Hagemeyer.

Concomitantly with this transaction, Rexel and Sonepar entered into the Assets Sales and the Assets Swaps. All of these transactions were completed on June 30, 2008.

This Chapter 14 therefore contains:
- Rexel's consolidated financial statements for the year ended December 31, 2008, prepared in accordance with International Financial Reporting Standards (**"IFRS"**), as adopted by the European Union and as applicable at such dates;
- Rexel's annual financial statements for the year ended December 31, 2008, prepared in accordance with accounting standards and principles applicable in France; and
- pro forma financial information for Rexel for the year ended December 31, 2008, established to reflect the impact of (i) the completion of the Hagemeyer Transaction (as such term is defined in paragraph 2.2 of this *Document de Référence*), and (ii) the sale of the business of distribution of electrical products of Hagemeyer in Ireland, as if they had occurred as of January 1, 2008.

Furthermore, pursuant to article 28 of the Commission Regulation (EC) N°809/2004 of April 29, 2004, the following information is incorporated by reference in this *Document de Référence*:
- the consolidated financial statements, the annual financial statements and the related audit reports for the year ended December 31, 2007 which are included in pages 172 to 241 of the *Document de Référence* for the year ended December 31, 2007 filed by Rexel with the *Autorité des marchés financiers* on April 30, 2008, under number R.08-046; and
- the consolidated financial statements and the related audit reports for the year ended December 31, 2006 which are included in pages 194 to 283 of the *Document de Base* filed by Rexel with the *Autorité des marchés financiers* on February 21, 2007 under number I.07-011.

The information of these documents that is not incorporated by reference in this *Document de Référence* is either irrelevant for the investor or is covered in another section of this *Document de Référence*.

Rexel had provided in the *Document de Référence* filed with the French *Autorité des marchés financiers* on April 30, 2008, under number R.08-046, pro forma financial information for the year ended December 31, 2007. This information is not incorporated for comparison purposes in this *Document de Référence* insofar as Rexel establishes its comparisons on the basis of data presented in Chapter 6 of this *Document de Référence.* Furthermore, this data relates to a period in which Rexel had no control over the management of, and the information produced by, Hagemeyer.

14.1 HISTORICAL FINANCIAL INFORMATION

14.1.1 Consolidated financial statements of Rexel

14.1.1.1 Consolidated financial statements of Rexel for the financial year ended December 31, 2008

Consolidated income statement

(in millions of euros)	Note	For the year ended December 31,	
		2008	2007
Sales	4	12,861.6	10,704.4
Cost of goods sold		(9,799.3)	(8,088.8)
Gross Profit		**3,062.3**	**2,615.6**
Distribution and administrative expenses	5	(2,432.3)	(1,967.2)
Operating income before other income and expenses		**630.0**	**648.4**
Other income	7	124.4	6.9
Other expenses	7	(201.0)	(84.8)
Operating income		**553.4**	**570.5**
Financial income		74.7	43.0
Interest expense on borrowings		(224.8)	(172.3)
Refinancing related expenses		(11.0)	(165.9)
Other financial expenses		(49.1)	(24.0)
Financial expenses (net)	*8*	*(210.2)*	*(319.2)*
Net income before income tax		**343.2**	**251.3**
Income tax	9	(111.7)	(107.8)
Net income		**231.5**	**143.5**
Attributable to:			
Equity holders of the parent		230.2	143.0
Minority interests		1.3	0.5
Earnings per share:			
Basic earnings per share *(in euros)*	16	0.90	0.65
Fully diluted earnings per share *(in euros)*	16	0.88	0.64

Consolidated balance sheet

(in millions of euros)	Note	As of December 31, 2008	As of December 31, 2007
Assets			
Goodwill	10.1	3,662.5	2,608.3
Intangible assets	10.1	927.3	686.0
Property, plant & equipment	10.2	317.1	272.1
Long-term investments	10.3	54.3	76.8
Deferred tax assets	9.2	238.1	127.4
Total non-current assets		**5,199.3**	**3,770.6**
Inventories	11.1	1,329.0	1,143.2
Trade accounts receivable	11.2	2,363.3	2,018.5
Income tax receivable		4.0	1.4
Other accounts receivable	11.3	477.7	422.6
Assets classified as held for sale		4.6	–
Cash and cash equivalents	12	807.0	515.2
Total current assets		**4,985.6**	**4,100.9**
Total assets		**10,184.9**	**7,871.5**
Equity			
Share capital	14	1,280.0	1,280.0
Share premium	14	1,409.9	1,409.9
Reserves and retained earnings		534.4	531.4
Total equity attributable to equity holders of the parent		**3,224.3**	**3,221.3**
Minority interests		24.4	6.0
Total equity		**3,248.7**	**3,227.3**
Liabilities			
Interest bearing debt	19	3,454.6	1,999.1
Employee benefits	18	175.4	125.6
Deferred tax liabilities	9.2	222.3	161.5
Provision and other non-current liabilities	17	223.8	52.8
Total non-current liabilities		**4,076.1**	**2,339.0**
Interest bearing debt	19	276.1	118.1
Accrued interest	19	8.3	4.6
Trade accounts payable		1,930.0	1,659.3
Income tax payable		21.5	24.0
Other current liabilities		624.2	499.2
Total current liabilities		**2,860.1**	**2,305.2**
Total liabilities		**6,936.2**	**4,644.2**
Total equity and liabilities		**10,184.9**	**7,871.5**

Consolidated statement of cash flows

(in millions of euros)	Note	For the year ended December 31, 2008	2007
Cash flows from operating activities			
Operating income		553.4	570.5
Depreciation, amortization and impairment of assets		196.6	85.2
Employee benefits		(15.1)	(6.4)
Change in other provisions		25.3	(5.0)
Other non-cash operating items [1]		(96.1)	59.7
Interest paid		(186.7)	(217.7)
Income tax paid		(109.8)	(41.8)
Operating cash flows before change in working capital requirements		*367.6*	*444.5*
Change in inventories		139.0	(50.5)
Change in trade and other receivables		185.1	(11.2)
Change in trade and other payables		(187.4)	54.3
Changes in other working capital items		(3.0)	(5.6)
Change in working capital requirements		*133.7*	*(13.0)*
Net cash from operating activities		**501.3**	**431.5**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(96.8)	(72.7)
Proceeds from disposal of property, plant and equipment	7.1	88.1	52.1
Acquisition of subsidiaries, net of cash acquired	3.2	(3,226.2)	(116.8)
Proceeds from disposal of subsidiaries, net of cash disposed of	3.1.3	905.2	4.9
Change in long-term investments		853.6	(51.7)
Net cash from investing activities		**(1,476.1)**	**(184.2)**
Cash flows from financing activities			
Proceeds from the issue of share capital		–	1,005.0
(Repurchase) / Disposal of treasury shares		(3.3)	(8.3)
Net change in credit facilities and other financial borrowings	19.2	1,030.8	(1,212.9)
Net change in securitization	19.2	354.0	42.2
Payment of finance lease liabilities	19.2	(66.3)	(26.9)
Dividends paid	14.2	(94.4)	–
Net cash from financing activities		**1,220.8**	**(200.9)**
Net increase in cash and cash equivalents		246.0	46.4
Cash and cash equivalents at the beginning of the period	12	515.2	473.1
Effect of exchange rate changes on cash and cash equivalents		45.8	(4.3)
Cash and cash equivalents at the end of the period	**12**	**807.0**	**515.2**

(1) Including capital gains and losses disclosed in note 7.

Consolidated statement of recognized income and expenses

(in millions of euros)	For the year ended December 31,	
	2008	2007
Net income	**231.5**	**143.5**
Foreign currency translation	(122.3)	(24.2)
Cash flow hedges (net of tax)	(29.9)	(6.9)
Available for sale securities	0.3	(0.3)
Income and expenses recognized directly in equity	*(151.9)*	*(31.4)*
Total recognized income and expenses for the period	**79.6**	**112.1**
Attributable to:		
Equity holders of the parent	77.6	111.7
Minority interest	2.0	0.4

Consolidated statement of changes in shareholders' equity

(in millions of euros)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury shares	Total attributable to the Group	Minority interests	TOTAL
At January 1, 2007	**630.5**	**1.6**	**333.3**	**5.3**	**12.3**	**–**	**983.0**	**5.6**	**988.6**
Foreign currency translation	–	–	–	(24.1)	–	–	**(24.1)**	(0.1)	**(24.2)**
Cash flow hedges	–	–	–	–	(6.9)	–	**(6.9)**	–	**(6.9)**
Securities available for sale assets	–	–	–	–	(0.3)	–	**(0.3)**	–	**(0.3)**
Income and expenses recognized directly in equity	**–**	**–**	**–**	**(24.1)**	**(7.2)**	**–**	**(31.3)**	**(0.1)**	**(31.4)**
Net income	–	–	143.0	–	–	–	**143.0**	0.5	**143.5**
Total recognized income and expense for the period	**–**	**–**	**143.0**	**(24.1)**	**(7.2)**	**–**	**111.7**	**0.4**	**112.1**
Issue of share capital	649.5	1,408.3	14.7	–	–	–	**2,072.5**	–	**2,072.5**
Share-based payments	–	–	62.4	–	–	–	**62.4**	–	**62.4**
Treasury shares	–	–	–	–	–	(8.3)	**(8.3)**	–	**(8.3)**
Minority interests in companies acquired or sold	–	–	–	–	–	–	**–**	–	**–**
At December 31, 2007	**1,280.0**	**1,409.9**	**553.4**	**(18.8)**	**5.1**	**(8.3)**	**3,221.3**	**6.0**	**3,227.3**
Foreign currency translation	–	–	–	(123.0)	–	–	**(123.0)**	0.7	**(122.3)**
Cash flow hedges	–	–	–	–	(29.9)	–	**(29.9)**	–	**(29.9)**
Securities available for sale 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 recognized income and expense 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	–	–	–	–	–	–	**–**	16.4	**16.4**
At December 31, 2008	**1,280.0**	**1,409.9**	**711.2**	**(141.8)**	**(24.5)**	**(10.5)**	**3,224.3**	**24.4**	**3,248.7**

Notes

1. GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (together referred to here as "the Group" or "Rexel").

The Group 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).

The present consolidated financial statements cover the period from January 1, 2008 to December 31, 2008. They have been authorized for issue by the Management Board on February 9, 2009.

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, 2008 have been prepared in accordance both with the International Financial Reporting Standards (IFRS) as adopted by the European Union and those approved by the IASB and applicable as of December 31, 2008.

2.2 Basis of preparation

The financial statements are presented in euro. 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).

The accounting policies adopted for the year ended December 31, 2008 are consistent with those used in the consolidated financial statements for the financial year ended December 31, 2007 since new accounting standards and interpretations effective in 2008 and described below had no effect on the Group's financial statements.

2.2.1 Accounting standards and interpretations effective in 2008

The Group adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2008, except when stated otherwise:

- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme even if the entity buys the instrument from another party, or the shareholders provide the equity instruments needed. The Group has not issued instruments caught by this interpretation.
- IFRIC 12 "Service Concession Arrangements" applies to service concession operators. No entity of the Group is such an operator and therefore this interpretation has no impact on the Group.
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" – Reclassification of Financial Instruments allows reclassifications from held for trading and available for sale categories to other financial asset categories. This amendment became effective on July 1, 2008 and had no impact on the Group financial position.
- The Group elected to apply by anticipation IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction". IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. The Group amended its accounting policy accordingly without any impact on its financial position or performance.

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 in 2008 and applicable in 2009 financial year:

- 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 1 revised is effective for financial year starting on or after January 1, 2009 and should have a limited impact on the Group's disclosures as Rexel already presents a statement of recognized income and expenses which is similar to the statement of 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. This amendment is effective for financial year beginning on or after January 1, 2009 and should have no impact on the Group financial position.
- 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. This amendment is effective for financial years beginning on or after January 1, 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. IFRS 8 will be applicable from January 1, 2009. The Group is currently reviewing the potential impact of this standard.
- IFRIC 13 "Customer Loyalty Programmes" requires customer loyalty programmes 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 is then recognized as revenue over the period the award credits are redeemed. This interpretation is applicable for fiscal years starting on or after July 1, 2008. The Group is currently assessing the impact of this interpretation which will be implemented in 2009.

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 amortised 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 amortisation (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. For assets in progress, the Group has elected not to capitalize borrowing costs incurred during the development period.

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.

Calculation of the recoverable amount

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

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

Reversal of impairment losses

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

Impairment losses in respect of goodwill may not be reversed.

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, 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.

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 Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

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 programmes 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 programme 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

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

Following the offer period which ended on March 4, 2008 and the additional post closing acceptance period ended on March 25, 2008, Rexel, through Kelium holds, as of December 31, 2008, 585,045,822 of Hagemeyer's outstanding shares, or 99.13% of the ordinary shares of Hagemeyer and 100% of the convertible bonds issued by Hagemeyer, *i.e.* 133,965 bonds.

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

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

3.1.1 Assets disposals to Sonepar

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

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

On June 30, 2008, Rexel executed separate agreements with Sonepar to dispose the non-retained Hagemeyer entities. The overall selling price of the divestitures amounted to €731.5 million in aggregate, including arrangement fees and a notional interest charge for €18.6 million net of tax recorded as a reduction of financial expenses. Concurrently with these disposals, loans granted to the Sonepar Entities by Hagemeyer were redeemed when closing these transactions in an amount of €852.6 million.

At the acquisition date, Hagemeyer non-retained assets were classified as assets held for sale on the balance sheet and accounted for at fair value of assets disposed of less costs to sell.

3.1.2 Other transactions entered into with Sonepar concurrently with Hagemeyer acquisition

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

Disposal of Rexel's business in Germany

On June 20, 2008, Rexel entered into a stock purchase agreement with Sonepar for the sale of Rexel Deutschland GmbH, the company which operated Rexel's activities in Germany prior to the Hagemeyer's transaction, for a total consideration of €177.0 million. The sale was completed on June 30, 2008 with the effective transfer of the shares to Sonepar. Capital gain on disposal of Rexel Deutschland GmbH amounted to €104.9 million before tax (see note 7.1 other income and note 9.3 for tax effect). Following the transfer of control of Rexel's business to Sonepar which was deemed at completion of Hagemeyer offer, this company has been deconsolidated as from April 1, 2008 and was presented separately on line "Assets held for sale" as of March 31, 2008. As part of this agreement, Rexel provided warranties on subsequent losses suffered by the buyer in connection with certain claims from third parties and tax claims incurred for periods up to the transaction date with certain limitations. Warranties will expire at the first anniversary of the transaction except for tax matters warranty which will expire at the earlier of three months after the final tax assessment and the statutory limitation period for the relevant tax. Rexel GmbH has retained potential liabilities for certain claims for a maximum amount of €1 million.

Acquisition of Sonepar's business in Sweden

On June 18, 2008, Rexel entered into a stock purchase agreement with Sonepar relating to the acquisition of Moel Aktiebolag and Storel Aktiebolag, two companies operating in Sweden with net sales of €200.1 million in 2007. The total consideration paid for these acquisitions was €84.4 million plus acquisition costs of SEK3.1 million (€0.3 million). As part of this agreement, Sonepar provided warranties on subsequent losses suffered by the buyer in connection with certain claims from third parties and tax claims incurred for periods up to the transaction date with certain limitations. Warranties will expire at the first anniversary of the transaction except for tax matters warranty which will expire at the earlier of three months after the final tax assessment and the statutory limitation period for the relevant tax. These companies have been consolidated as from July 1, 2008. As at December 31, 2008, the goodwill related to this acquisition and determined on a provisional basis, amounted to €49.7 million (€56.8 million at the acquisition date).

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

3.1.3 Other transactions entered into with third parties concurrently with Hagemeyer acquisition

The following assets acquired through the business combination with Hagemeyer were disposed of in 2008 and classified as assets held for sale at the acquisition date at their fair value less costs to sell.

Divestiture of Hagemeyer electrical supplies business in Ireland

The acquisition of Hagemeyer was authorised by the European competition authorities subject to the divestiture of Hagemeyer's electrical distribution business in Ireland. In accordance with this commitment, Rexel completed the sale of this business to EWL Electric Limited for €0.9 million (net of selling costs), in July 18, 2008.

Divestiture of Bally Hong Kong

On July 23, 2008, Rexel entered into an agreement to dispose its 25% investment in Bally Hong Kong Ltd, an entity operating within the ACE division of Hagemeyer and specialized in the wholesale of Bally's product in Asia, to Bally International Ltd for an amount of CHF11.9 million (€8.0 million). In addition, Rexel received a dividend for an amount of HK$19.0 million (€1.5 million) at completion of the transaction.

Proceeds from disposal of subsidiaries, net of cash disposed of amounted to €905.2 million for the year ended December 31, 2008 and mainly related to disposal of Sonepar Entities (for €731.5 million) disposal of Rexel's business in Germany (€162.8 million net of cash disposed of) and divestiture of Hagemeyer electrical supplies business in Ireland and Bally Hong Kong (for respectively €0.9 million and €9.5 million).

As of December 31, 2008, the preliminary allocation of the Hagemeyer purchase price is as follows:

(in millions of euros)		
Cash consideration for ordinary shares at €4.85 per share [1]		2,836.1
Cash consideration for convertible bonds [2]		266.0
Estimated acquisition costs		51.0
Total cash consideration	**(1)**	**3,153.1**
Fair value of assets disposed of to Sonepar, less costs to sell	**(2)**	**(712.9)**
Net book value of Hagemeyer net assets at March 31, 2008 [3]		1,143.2
Less book value of historical goodwill and intangible assets [3]		(216.7)
Conversion of convertible bonds		110.9
Minority interests		(16.5)
Book value of assets acquired excluding acquired goodwill	**(3)**	**1,020.9**
Estimation of fair value adjustments		
Distribution networks		161.1
Customer relationships		48.9
Private labels		61.2
Supplier contracts for ACE division		19.2
Properties		19.6
Investment in associates step up		5.1
Fair value adjustment of employee benefits liability		(1.4)
Deferred income taxes on the above adjustments		(83.5)
Total fair value adjustments	**(4)**	**230.2**
Fair value of identifiable assets acquired	**(3) + (4) = (5)**	**1,251.1**
Goodwill on acquisition	**(1) + (2) – (5)**	**1,189.1**

(1) Including ordinary shares acquired on the market during the year ended December 2007 at an average price of €4.73.
(2) Net of interests received for the period beginning on March 31, 2007 and ended on March 31, 2008.
(3) Excluding net assets transferred to Sonepar.

3.1.4 Assets and liabilities acquired

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

(in millions of euros)	Hagemeyer operations	Swedish operations of Sonepar
Distribution networks	161.1	4.4
Other intangible assets	136.9	3.2
Tangible assets	138.6	4.5
Other financial assets	13.3	–
Other non current assets	183.0	0.3
Inventories	393.5	19.3
Trade accounts receivable	624.8	26.3
Other accounts receivable	77.3	6.5
Assets held for sale	1,586.9	–
Cash and Cash Equivalents	22.4	0.9
Minority interests	(16.5)	–
Interest bearing debt	(332.7)	(5.6)
Trade accounts payable	(547.2)	(19.7)
Provisions	(112.3)	–
Other liabilities	(365.1)	(12.2)
Net assets acquired excluding acquired goodwill	**1,964.0**	**27.9**
Purchased goodwill	1,189.1	56.8
Total cash consideration	**3,153.1**	**84.7**
Cash acquired	(22.4)	(0.9)
Outstanding acquisition costs	(0.5)	–
Shares and acquisition costs paid in 2007	(50.9)	–
Net cash outflow for Hagemeyer acquisition for the period	**3,079.3**	**83.8**

The acquisition of Hagemeyer operations and the Swedish operations of Sonepar resulted in an increase in net sales and operating income before other income and expenses of, respectively €2,778.0 million and €41.1 million.

Had these transactions occurred on January 1, 2008 and including Rexel Germany disposal to Sonepar, Group sales, operating income before other income and expenses and net income would have been respectively €13,735.0 million, €638.4 million and €220.1 million.

3.2 Other acquisitions

For the period ended December 31, 2008, Rexel completed the following acquisitions, which are not deemed to be material on the financial situation of the company. As a result, neither sales nor profit and loss have been provided for the combined entity, as if these acquisitions had been effective on January 1, 2008.

On January 31, 2008, General Supply & Services Inc., an indirect subsidiary of Rexel, acquired Beacon Electric Supply Inc., a distributor of electrical equipment based in San Diego with net sales of €32.5 million in 2007. This company has been consolidated as from this date. The acquisition price for the shares amounts to US$21.2 million (€14.4 million), including an earn-out payment of US$1.1 million (€0.7 million) payable subject to conditions in 2009, and acquisition costs for US$0.4 million (€0.3 million). Net cash outflow for the period amounted to €12.6 million. On December 31, 2008 goodwill on acquisition determined on a provisional basis amounted to €8.0 million.

For the period ended December 31, 2008, Rexel acquired the following entities: ABK Electrical Wholesale Pty. Ltd in Australia, Egley Electrical Co Ltd in New Zealand, Espace Elec SAS, NFM SA and CRC SAS in France, Electronische Groothandel J.K Busbroek B.V in the Netherlands for a total amount of €28.8 million (€23.4 million net of cash acquired). Goodwill on these acquisitions determined on a provisional basis as of December 31, 2008 amounted to €19.0 million.

Net cash outflow resulting from acquisition of subsidiaries during the period is as follows:

(in millions of euros)	
Net cash outflow related to Hagemeyer	(3,079.3)
Net cash outflow related to Swedish operations of Sonepar	(83.8)
Net cash outflow from other acquisitions	(36.0)
Earn-out payments and purchase price adjustments	(23.0)
Other	(4.1)
Net cash outflow during the period	**(3,226.2)**

4. SEGMENT REPORTING

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

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

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

Geographical segment information for the periods ended December 31, 2008 and December 31, 2007

	Europe		North America		Asia-Pacific		Other operations		Consolidated	
(in millions of euros)	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Sales	7,166.6	5,041.9	4,404.8	4,806.1	881.9	797.2	408.3	59.2	**12,861.6**	**10,704.4**
Operating income before depreciation and other income & expenses	410.8	409.7	241.1	266.9	65.7	53.9	14.9	(5.1)	**732.5**	**725.4**
Depreciation	(57.1)	(35.0)	(30.0)	(31.3)	(5.6)	(3.7)	(9.8)	(7.0)	**(102.5)**	**(77.0)**
Operating income before other income & expenses	353.7	374.7	211.0	235.6	60.1	50.2	5.2	(12.1)	**630.0**	**648.4**
Goodwill impairment	(76.2)	(8.2)	–	–	(11.2)	–	–	–	**(87.4)**	**(8.2)**
Cash flow statement item										
Capital expenditures net of disposals	(30.0)	8.1	(15.6)	(22.9)	(4.5)	(3.3)	41.4	(2.5)	**(8.7)**	**(20.6)**
Balance sheet items										
Goodwill	2,585.0	1,475.8	902.2	927.7	174.0	204.5	1.3	0.4	**3,662.5**	**2,608.4**
Non-current assets (excluding deferred tax assets & goodwill)	979.9	649.7	237.3	256.4	46.7	56.4	34.8	72.4	**1,298.7**	**1,034.9**
Current assets (excluding income tax receivable and cash & cash equivalents)	2,698.2	2,097.8	1,070.7	1,153.9	236.3	269.9	164.8	62.7	**4,170.0**	**3,584.3**
Current liabilities (excluding tax liabilities & current portion of financial liabilities)	(1,755.8)	(1,325.0)	(544.5)	(598.9)	(151.1)	(168.3)	(102.8)	(66.3)	**(2,554.2)**	**(2,158.5)**

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31, 2008	2007
Personnel costs (salaries & benefits)	1,395.7	1,181.5
Building and occupancy costs	275.7	210.0
Other external costs	619.0	474.1
Depreciation expense	102.5	77.0
Bad debt expense	39.4	24.6
Total distribution and administrative expenses	**2,432.3**	**1,967.2**

6. SALARIES & BENEFITS

(in millions of euros)	For the year ended December 31, 2008	2007
Salaries and social security charges	1,345.5	1,137.5
Share-based payments	2.7	1.0
Pension and other post-retirement benefits-defined benefit plans	14.8	12.1
Other employee benefits	32.7	30.9
Total employee expenses	**1,395.7**	**1,181.5**

7. OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended December 31, 2008	2007
Capital gains	119.9	3.6
Other operating income	0.1	1.8
Write-back asset impairment	3.0	–
Release of unused provisions	1.4	1.5
Total other income	**124.4**	**6.9**
Restructuring costs	(75.6)	(11.9)
Loss on non-current assets disposed of	(3.6)	(0.9)
Costs related to transactions following the IPO	(19.7)	(61.4)
Goodwill & intangible assets impairment	(87.4)	(8.2)
Tangible assets impairment	(9.7)	–
Other operating expenses	(5.0)	(2.4)
Total other expenses	**(201.0)**	**(84.8)**

7.1 Other income

Capital gains

For the year ended December 31, 2008, capital gains included a €104.9 million gain related to the disposal of Rexel historical business in Germany to Sonepar (as described in note 3.1.2). The selling price net of costs was €177.0 million.

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

For the year ended December 31, 2007, capital gains consisted mainly of gain on disposals of buildings, amounting to €2.8 million in France and €0.4 million in the United States.

Write-back of asset impairment

For the year ended December 31, 2008, the 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.

Other operating income

For the year ended December 31, 2008, other operating income was nil.

In 2007 it included a curtailment gain for €1.3 million on pension scheme following Kontakt Systeme business disposals for the same period of 2007.

7.2 Other expenses

Restructuring costs

For the year ended December 31, 2008, this line-item includes mainly restructuring and integration costs following Hagemeyer and Gexpro acquisitions. These costs are detailed by geographical area as follows:

– North America:

  Restructuring costs in North America amounted to €20.0 million of which €19.1 million in the United States and €0.9 million in Canada. In the United States, restructuring programmes (for €13.0 million) aim at reducing the number of regional divisions of both banners (Gexpro and Rexel Inc.), streamlining the branches network and mutualizing logistics between the two banners in the North East. In addition, integration costs of Gexpro (re-branding and implementation of synergies) were expensed for €6.1 million.

– Europe:

  Restructuring costs in Europe amounted to €53.2 million and mainly related to (i) the Netherlands (closure of Hagemeyer Headquarters for €10.4 million and integration costs for €1.2 million) (ii) the United Kingdom for €10.0 million (integration costs of Hagemeyer and branch closures), (iii) France for €13.2 million (branch closures, termination of non-core activities and logistic restructuring in the North East division) (iv) Spain for €5.7 million (closure of Rexel historical Headquarters and redundancies), (v) to Corporate (integration costs of Hagemeyer for €5.7 million) and (vi) and other restructuring costs mainly incurred in Northern and Central Europe in connection with the integration of Hagemeyer for €7.0 million in aggregate.

– Asia-Pacific:

  Restructuring costs in Asia-Pacific amounted to €1.3 million and related to Australia for €0.9 million (termination of data and video system business) and New Zealand for €0.4 million (branch closures).

– ACE Division:

  Restructuring costs for ACE division amounted to €1.1 million and related to termination of the Lifestyle Business in Australia.

For the year ended December 31, 2007, restructuring costs amounted to €11.9 million and mainly related to reorganization plans in Germany for €1.8 million, in the Netherlands for €1.0 million and in the United States for €4.1 million; Gexpro separation costs for €3.6 million, and costs related to the closure of Kontakt System business for €1.0 million.

Costs related to transactions following the IPO

For the year ended December 31, 2008, the impact of the costs related to transactions following IPO concerns the free shares scheme implemented at the time of the IPO for €19.7 million. This non-cash expense has been determined according to provisions IFRS 2 ("Share-based payments").

For the year ended December 31, 2007, impact of the employee offering and the free shares scheme was €7.8 million and €53.6 million respectively.

Goodwill and intangible assets impairment

As a result of economic and market downturn existing at balance sheet date, Rexel recorded a goodwill and intangible assets impairment for respectively €85.0 million and €2.4 million in 2008.

Goodwill impairment of €85.0 million (€8.2 million in 2007) related to Italy for €17.8 million, Spain for €26.6 million (plus €2.4 million relating to intangible assets impairment), Czech Republic for €20.8 million, New Zealand for €11.2 million, Finland for €4.8 million and Poland for €3.8 million. All these countries are reported in the segment "Europe", except for New Zealand which is reported in segment "Asia-Pacific".

For the year ended December 31, 2007, goodwill impairment amounted to €8.2 million and was related to operations in the Czech Republic for €4.2 million, due to a difficult local economic environment and in Switzerland in the company Kontakt Systeme for €4.0 million, as a result of the disposal of the connectic and telematic businesses.

Tangible assets impairment

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

Other operating expenses

In 2008, pursuant to its long-term incentive policy in favor of employees, Rexel intended to launch an Employee Share Purchase Plan in 2008 which had to be cancelled due to unfavorable stock market conditions. Direct costs incurred in connection with this aborted transaction were €2.6 million and are mainly composed of professional fees.

For the year ended December 31, 2007, other costs consisted primarily of a £1 million (€1.5 million) charge related to the settlement of a commercial dispute in the United Kingdom.

8. FINANCIAL EXPENSES (NET)

(in millions of euros)	For the year ended December 31, 2008	2007
Expected return on employee benefit plan assets	43.8	21.3
Interest income on cash and cash equivalents	4.1	5.4
Interest income on receivables and loans	2.7	3.2
Gain on financial instruments held for trading	11.8	12.7
Other financial income	12.3	0.4
Financial income	**74.7**	**43.0**
Interest expense on financial debt (stated at amortized costs)	(224.3)	(177.6)
– Shareholders' loan	*–*	*(13.0)*
– Senior debt	*(157.2)*	*(76.5)*
– Senior Subordinated Notes and indexed Bonds	*(0.6)*	*(18.8)*
– Securitization	*(47.0)*	*(53.8)*
– Other financing	*(16.1)*	*(4.5)*
– Finance leases	*(3.1)*	*(4.9)*
– Amortization of transaction costs	*(28.6)*	*(6.1)*
– Less arrangement fees and interests recharged to Sonepar [1]	*28.3*	*–*
Reclassifying income gains and losses on the preceding derivative instruments deferred in equity	(3.5)	10.6
Change in fair value reclassified from equity to profit and loss (foreign exchange rate)	(6.0)	0.1
Ineffectiveness of cash flow hedge derivatives	(0.1)	1.1
Foreign exchange gain (loss) on financial liabilities [2]	9.1	(6.5)
Interest expense on borrowings	**(224.8)**	**(172.3)**
Write-down of transaction costs [3]	(11.0)	(76.3)
Premium for early redemption of the Senior Subordinated Notes [4]	–	(89.6)
Refinancing costs	**(11.0)**	**(165.9)**
Interest cost of employee benefit obligation	(45.2)	(21.8)
Change in fair value of commodity derivatives	–	(0.4)
Financial expenses (other)	(3.9)	(1.8)
Other financial expenses	**(49.1)**	**(24.0)**
Financial expenses (net)	**(210.2)**	**(319.2)**

(1) Fees and interests for respectively €18.3 and €10.0 million before tax (€18.6 million net of tax) incurred by Rexel for the acquisition of Hagemeyer according to the October 23, 2007 Agreement (see note 3.1.1).
(2) Including a €7.8 million non-recurrent exchange gain arising from the settlement of loans granted to the Sonepar Entities.
(3) In 2008, write-down of transaction costs related to the 2007 Senior Credit Agreement. In 2007, write-down of transaction costs related to 2005 Senior Credit Agreement and Senior Subordinated Notes in connection with the IPO.
(4) Early redemption premium of the Subordinated Notes in connection with the Group refinancing at the time of the IPO.

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, 2008	2007
Current tax	(97.1)	(98.7)
Deferred tax	(14.6)	(9.1)
Total income tax expense	**(111.7)**	**(107.8)**

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets are as follows:

(in millions of euros)	2008	2007
At the beginning of the period	**(34.1)**	**(46.2)**
Net income	(14.6)	(9.1)
Change in consolidation scope	45.0	(5.3)
Translation differences	2.7	1.9
Other changes	16.8	24.6
At the end of the period	**15.8**	**(34.1)**

For the year ended December 31, 2008, change in consolidation scope is essentially related to Hagemeyer's acquisition. Other changes consist essentially of tax effect on fair value of derivative instruments recognized directly as equity (€17.3 million).

For the year ended December 31, 2007, other changes consisted essentially of different relative tax assets: (i) €14.7 million of expenses linked to the initial public offering related costs recorded against the share premium, (ii) €4.7 million of fair value of derivative instruments recognized directly as equity; and (iii) €5.2 million of tax losses prior to the acquisition of Rexel, whose recoverability has become likely in 2007.

Deferred tax assets and liabilities are broken down as follows:

(in millions of euros)	As of December 31, 2008	2007
Intangible assets	(253.7)	(184.8)
Property, plant and equipment	15.8	(7.8)
Financial assets	1.7	1.5
Trade accounts receivable	9.7	9.2
Inventories	2.9	2.5
Employee benefits	44.8	42.3
Provisions	12.8	2.4
Financing fees	0.4	(5.0)
Other items	18.9	9.8
Tax losses carried forward	263.8	134.1
Deferred tax assets / (liabilities), net	**117.1**	**4.2**
Valuation allowance on deferred tax assets	(101.3)	(38.3)
Net deferred tax assets / (liabilities)	**15.8**	**(34.1)**
of which deferred tax assets	238.1	127.4
of which deferred tax liabilities	(222.3)	(161.5)

In 2008, increase in deferred tax liabilities on intangible assets relates to assets recognized as part of the business combination with Hagemeyer (see note 3.1.4) for €70.0 million and deferred tax assets on tax losses carried forward incurred by Hagemeyer entities (mainly in the Netherlands and in the UK) for an amount of €133.4 million.

The valuation allowance on net deferred tax assets, totalling €101.3 million as of December 31, 2008 (from €38.3 million as of December 31, 2007) results from the recoverable amount of net deferred tax assets by tax entity. Valuation allowance is related to Hagemeyer entities for €74.4 million.

9.3 Effective tax rate

(in millions of euros)	2008	2007
Income before tax	343.2	251.3
Theoretical tax rate	*34.4%*	*34.4%*
Income tax calculated at the theoretical tax rate	(118.2)	(86.5)
Effect of tax rates in foreign jurisdictions	16.8	12.6
Effect of tax rate variations	0.1	(4.7)
Effect of prior year losses utilised / (current year losses unrecognized)	(16.7)	1.1
Effect of non-deductible expenses, tax exempt revenues	6.3	(30.2)
Actual income tax expense	**(111.7)**	**(107.7)**
Effective tax rate	***32.5%***	***42.9%***

In 2008, non deductible expenses and tax exempt revenues essentially includes the favorable 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.

In 2007, income tax expense included the effect of non-deductible costs related to the free shares scheme and employee offering for an amount of €19.6 million.

10. LONG-TERM ASSETS

10.1 Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks and banners	Software and other intangible assets [1]	Total intangible assets	Goodwill
Gross carrying amount as of January 1, 2007	**185.6**	**443.4**	**216.9**	**845.9**	**2,586.5**
Effect of acquisitions and divestitures	–	–	11.9	**11.9**	109.3
Additions	–	–	21.1	**21.1**	–
Disposals	–	–	(12.0)	**(12.0)**	–
Exchange differences	–	(6.9)	(7.5)	**(14.4)**	(50.0)
Other changes	–	(32.7)	30.1	**(2.6)**	(4.7)
Gross carrying amount as of December 31, 2007	**185.6**	**403.8**	**260.5**	**849.9**	**2,641.1**
Effect of acquisitions and divestitures	–	165.5	159.3	**324.8**	1,230.2
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**	**543.9**	**335.9**	**1,065.4**	**3,775.8**
Accumulated amortization and depreciation as of January 1, 2007	**–**	**–**	**(149.0)**	**(149.0)**	**(24.0)**
Change in consolidation scope	–	–	(0.7)	**(0.7)**	–
Amortization expense	–	–	(27.8)	**(27.8)**	–
Impairment losses	–	–	–	**–**	(8.2)
Decrease of amortization	–	–	11.6	**11.6**	–
Exchange differences	–	–	2.2	**2.2**	0.1
Other changes	–	–	(0.2)	**(0.2)**	(0.7)
Accumulated amortization and depreciation as of December 31, 2007	**–**	**–**	**(163.9)**	**(163.9)**	**(32.8)**
Change in consolidation scope	–	–	(16.3)	**(16.3)**	–
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	**–**	**–**	**(138.1)**	**(138.1)**	**(113.3)**
Carrying amount at January 1, 2007	**185.6**	**443.4**	**67.9**	**696.9**	**2,562.5**
Carrying amount at December 31, 2007	**185.6**	**403.8**	**96.6**	**686.0**	**2,608.3**
Carrying amount at December 31, 2008	**185.6**	**543.9**	**197.8**	**927.3**	**3,662.5**

(1) Including customer relationships for €47.9 million as of December 31, 2008.
(2) Other changes relate to write-off of softwares and consist of a transfer of accumulated amortization that were eliminated against gross carrying amount for €85.0 million.

Change in consolidation scope in 2008

Distribution networks and banners relate to assets acquired through the combination with of Hagemeyer (see note 3.1).

Software and other intangible assets include: (i) customer relationships with key Hagemeyer and Sonepar Sweden industrial customers for €52.0 million with useful life between five and ten years, (ii) distribution agreements relating to the ACE division business for €19.2 million with an average useful life of six years and (iii) softwares acquired in the normal course of business.

Goodwill

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 and the potential to develop existing businesses. In the wholesale business, such synergies notably include those expected in terms of purchasing, logistics, network density and administration.

Goodwill is allocated by country based on the value in use determined in accordance with note 2.7. Goodwill arising on Hagemeyer acquisition, determined on provisional basis at December 31, 2008, was allocated, for impairment testing purposes, to the reporting segment Europe which benefits from the synergies of the acquired business.

Cash flow projections used to calculate the value-in-use of each cash-generating unit are based on the three year financial budget reviewed by Senior Management in December 2008 and extrapolated over a period of five years after taking into account a terminal value.

The calculation of value-in-use of cash generating units is sensitive to the discount rate and the perpetual growth rate to extrapolate cash flows beyond the horizon of projections.

The discount rate applied 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 conditions of an average market participant.

A single perpetual growth rate of 2.0% was used to calculate the terminal value, without any change compared to 2007. This rate extrapolates the expected long-term inflation on mature markets.

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

	2008	2007
Europe	7.2% to 12.2%	6.2% to 11.0%
North America	7.4% to 7.6%	7.3% to 7.9%
Asia-Pacific	8.4% to 10.2%	7.8% to 9.5%

This resulted in an impairment loss of €85.0 million (€8.2 in 2007) due to global economic and market downturn occurred in 2008.

Sensitivity analysis

As of December 31, 2008, discount rates up 50 basis points would result in an €69 million increase in the impairment charge. A decrease of 50 basis points in the perpetual growth rate would result in a €32 million increase in the impairment.

Intangible assets

In accordance with the principle described in note 2.5 distribution networks and strategic partnerships are not amortized but rather tested annually for depreciation or as soon as there is an indication of impairment.

At December 31, 2008 distribution networks and strategic partnerships were tested for impairment together with goodwill based on similar hypothesis. As a result of the economic downturn occurred in the fourth quarter of 2008, customer relationships recognized in Spain as part of the Hagemeyer purchase price allocation were impaired by €2.5 million out of €14 million.

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, 2007	**203.2**	**487.0**	**33.0**	**723.2**
Effect of acquisitions and divestitures	0.7	6.0	–	**6.7**
Additions	2.7	55.9	2.9	**61.5**
Disposals	(9.4)	(20.6)	(3.0)	**(33.0)**
Exchange differences	(4.2)	(11.1)	(1.2)	**(16.5)**
Other changes	2.8	2.6	(4.5)	**0.9**
Gross carrying amount as of December 31, 2007	**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)	(2.9)	**(36.0)**
Gross carrying amount as of December 31, 2008	**214.3**	**638.0**	**28.0**	**880.3**
Accumulated depreciation and amortization as of January 1, 2007	**(64.6)**	**(367.0)**	**(23.1)**	**(454.7)**
Amortization expense	–	(2.8)	–	**(2.8)**
Depreciation expense	(5.9)	(36.5)	(2.1)	**(44.5)**
Impairment losses	–	(4.8)	–	**(4.8)**
Release	2.1	18.4	3.0	**23.5**
Exchange differences	1.2	7.5	0.9	**9.6**
Other changes	0.3	1.5	1.2	**3.0**
Accumulated depreciation and amortization as of December 31, 2007	**(66.9)**	**(383.7)**	**(20.1)**	**(470.7)**
Change in consolidation scope	(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)**
Carrying amount at January 1, 2007	**138.6**	**120.0**	**9.9**	**268.5**
Carrying amount at December 31, 2007	**128.9**	**136.1**	**7.1**	**272.1**
Carrying amount at December 31, 2008	**138.7**	**169.3**	**9.0**	**317.0**

Impairment of property, plant and equipment

In 2008, impairment losses represented the write down of certain property, plant and equipment to the recoverable amount. The recoverable amount was principally based on value in use and was determined at the level of the cash generating unit, mainly in 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

(in millions of euros)	As of December 31, 2008	2007
Loans	2.3	3.9
Deposits	5.8	5.3
Other financial assets	46.2	67.6
Long-term investments	**54.3**	**76.8**

As of December 31, 2008, other financial assets include the surplus of the defined benefit plan assets over liabilities in the Hagemeyer post-employment scheme in the Netherlands for €41.9 million (see note 18). Other long-term investment also includes fair value of interest rate options for €2.0 million (see note 20.1).

As of December 31, 2007, other financial assets included the fair value of derivatives due within more than one year for €9.1 million (see note 20.1 on interest rate risk) and the fair value of Hagemeyer N.V.'s shares, purchased on the market during the fourth quarter of 2007 as part of the take-over of Hagemeyer N.V. (see note 24.2) for the amount of €50.4 million and representing 1.8% of Hagemeyer N.V.'s capital. These shares, classified under IAS 39 as "available for sale assets," were acquired at the price of €4.73 per share, and re-measured through equity on December 31, 2007 based on the stock market price on that date (€4.68); this €0.3 million change in value was recognized against equity. As of March 31, 2008, after completion of the Hagemeyer acquisition, the reserve for "Available For Sale Assets" was reversed and goodwill arising on consolidation was computed based on historical cost of the investment in Hagemeyer.

11. CURRENT ASSETS

11.1 Inventories

(in millions of euros)	As of December 31, 2008	2007
Cost	1,431.9	1,228.3
Allowance	(102.9)	(85.1)
Inventories	**1,329.0**	**1,143.2**

Changes in allowance for inventories

(in millions of euros)	2008	2007
Allowance for inventories as of January 1	**(85.1)**	**(95.7)**
Change in consolidation scope	(27.1)	(2.4)
Net change in allowance	(3.8)	10.5
Translation difference	5.9	2.4
Other changes	7.2	0.1
Allowance for inventories as of December 31	**(102.9)**	**(85.1)**

11.2 Trade accounts receivable

(in millions of euros)	As of December 31, 2008	2007
Nominal value	2,470.5	2,104.1
Impairment losses	(107.2)	(85.6)
Trade accounts receivable	**2,363.3**	**2,018.5**

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 €263.8 million as of December 31, 2008 (€281.3 million as of December 31, 2007).

The Group has enacted credit assurance programmes in most major countries. Trade accounts receivable covered by these programmes amounted to €1,017.8 million as of December 31, 2008 (€767.4 million as of December 31, 2007).

Finally, 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 €225.9 million as of December 31, 2008 (€242.5 million as of December 31, 2007).

Changes in impairment losses

(in millions of euros)	2008	2007
Impairment losses on trade accounts receivable as of January 1	**(85.6)**	**(92.9)**
Change in consolidation scope	(18.9)	2.4
Net depreciation	(13.4)	3.7
Translation differences	2.2	1.4
Other changes	8.5	(0.2)
Impairment losses on trade accounts receivable as of December 31	**(107.2)**	**(85.6)**

Impairment losses resulting from an individual assessment of default risk amounted to €73.6 million (€59.9 million as of December 31, 2007).

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)	2008	2007
From 1 to 30 days	272.4	193.2

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

	As of December 31,	
(in millions of euros)	2008	2007
Purchase rebates	365.2	315.5
VAT receivable and other sales taxes	28.1	33.3
Prepaid expenses	26.9	11.0
Derivatives	5.9	13.5
Other receivables	51.6	49.3
Total accounts receivable	**477.7**	**422.6**

12. CASH & CASH EQUIVALENTS

	As of December 31,	
(in millions of euros)	2008	2007
Short-term investments	586.4	351.6
Cash at bank	219.1	162.0
Cash in hand	1.5	1.6
Cash and cash equivalents	**807.0**	**515.2**

As of December 31, 2008, short-term investments, included treasury investment funds (SICAVs HSBC MONETAIRE, CAAM TRESO ETAT, INVEST PREMIERE) which were stated at their fair value amounting to €283.9 million and five Certificates of Deposit for a nominal value of €265.0 million in aggregate. These CDs, maturing on January 2009 for €115.0 million and on March 2009 for one certificate of €150.0 million, have been issued by the following banks : AIB, CIC, CALYON and ING.

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	As of December 31,			
		2008		2007	
		Carrying amount	Fair value	Carrying amount	Fair value
Loans	L&R	2.3	2.3	3.9	3.9
Deposits	L&R	5.8	5.8	5.3	5.3
Assets available for sale	AFS	1.1	1.1	50.4	50.4
Hedging derivatives [1]	N/A	–	–	9.1	9.1
Others	AFS	45.1	45.1	8.1	8.1
Total long-term investments		**54.3**		**76.8**	
Trade accounts receivable	L&R	**2,363.3**	**2,363.3**	**2,018.5**	**2,018.5**
Supplier rebates receivable	L&R	365.2	365.2	315.5	315.5
VAT and other sales taxes receivable [2]	N/A	28.1	N/A	33.3	N/A
Other accounts receivables	L&R	51.6	51.6	49.3	49.3
Hedging derivatives [1]	N/A	–	–	10.4	10.4
Other derivative instruments	HTM	5.9	5.9	3.1	3.1
Prepaid expenses [2]	N/A	26.9	N/A	11.0	N/A
Total non-current assets		**477.7**		**422.6**	
Short-term investments	FV	586.4	586.4	351.6	351.6
Cash	L&R	220.6	220.6	163.6	163.6
Cash and cash equivalents		**807.0**		**515.2**	

(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 to maturity	HTM
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:

	Number of shares	Share capital	Issuance premium
		(in millions of euros)	
On January 1, 2007	**63,045,774**	**630.5**	**1.6**
Exercise of share subscription rights (1)	1,518,854	15.2	–
Merger of Rexdir and Rexop (2)	2,085,259	20.9	47.9
Reduction in capital from the cancellation of treasury shares (3)	(2,085,259)	(20.9)	(47.9)
Splitting of the share par value and doubling of the number of shares (4)	129,129,256	–	–
Increase in capital by payment of receivables (5)	63,813,323	319.1	733.8
Increase in capital as a result of the Initial Public Offering (6)	60,606,060	303.0	654.1
Increase in capital as a result of the offer reserved for employees (7)	2,445,188	12.2	20.4
As of December 31, 2007	**255,993,827**	**1,280.0**	**1,409.9**
As of December 31, 2008	**255,993,827**	**1,280.0**	**1,409.9**

(1) Exercise of share subscription rights

On June 30, 2005, Rexdir, a special purpose entity designed to hold the investment of several top executives of the Group, was authorised to subscribe 304,404 shares with share subscription rights (*actions à bons de souscription d'actions,* hereinafter referred to as "ABSAs") at a price of €15.44 per ABSA, or €10 per share and €0.272 per subscription right (*bon de souscription d'actions,* hereinafter referred to as "BSA"). Each share consists of 20 BSAs exercisable under certain conditions, giving the right to subscribe one share for a price of €10 per BSA. During the Management Board meeting of April 4, 2007, the Chairman authorised the exercise of the BSAs by Rexdir and the issuance of 1,518,854 new shares at a par value of €10.

(2) Merger of the companies Rexdir and Rexop

In order to streamline Rexel's structure of capital before its IPO, the Shareholders' Meeting of April 4, 2007 approved the merger of the companies Rexdir and Rexop, two special purpose entities created to manage the shares issued in respect of the top executives' plan (Rexdir) and the shares issued in respect of a larger group of Rexel executives' and managers' plan (Rexop). The ratio of exchange between Rexel shares and those of the companies being absorbed has been determined to be 0.8948 Rexel shares for each Rexdir share and 0.09938 Rexel shares for each Rexop share. The net value of the assets contributed by the two companies was €60.2 million for Rexdir and €8.6 million for Rexop, leading to the creation of 1,823,258 and 262,001 shares respectively, each worth €10. That translated into a capital increase of €20.9 million, with the remainder being regarded as a merger premium worth €47.9 million.

(3) Reduction in capital from the cancellation of treasury shares resulting from the merger of Rexdir and Rexop

The net assets contributed by the companies Rexdir and Rexop were composed solely of 2,085,259 shares of Rexel, which were cancelled, resulting in a capital decrease of €20.9 million. Taking into account the value of the shares in Rexel retained for the merger, the difference between the value of the contribution of the cancelled shares and their face value, €47.9 million, was deducted from the merger premium.

Upon completion of this operation, the Shareholders' Meeting of April 4, 2007 certified that the share capital was not subjected to any modification and there was no merger premium.

(4) Splitting of the share par value and doubling of the number of shares

After the Company's Management Board had acknowledged, on April 4, 2007, that the requisite that Rexel shares be admitted in the Eurolist stock exchange was met, the face value of a share was divided by two, from €10 to €5, and the number of shares was consequently doubled.

(5) Increase in capital by capitalization of shareholders' loan

Acting under the mandate given by the Shareholders' Meeting of February 13, 2007, the Company's Management Board executed an issuance of 63,813,323 shares by capitalization of a loan to Ray Investment S.à.r.l. for an

amount of €1,052.9 million, interests included. The value of the shares is identical to those held for the new shares issued in Rexel's IPO, more specifically, €16.5 divided between the face value of €5.0 and the issuance premium of €11.5 per share.

(6) Increase in capital as a result of the IPO

Acting under the mandate given by the Shareholders' Meeting of February 13, 2007, the Company's Management Board decided to issue 60,606,060 shares at face value of €5 a piece on April 11, 2007, in the form of an increase in capital with the cancellation of preferential subscription rights through an IPO. The value of the shares was fixed at €16.5, reflecting an issuance premium of €11.5. The fees stemming from this increase in capital are deducted from the issuance premium for an amount of €42.9 million (before tax).

(7) Increase in capital as a result of the employee offering

Acting under the mandate given by the Shareholders' Meeting of February 13, 2007, the Company's Management Board decided on April 18, 2007 in favor of two capital increases with the cancellation of preferential subscription rights:

- to members of the Rexel Group Savings Plan (PEG) and the Rexel Group International Savings Plan (PEGI), for an amount of €19.3 million, with the issue of 1,436,874 new shares;
- to BNP Paribas Arbitrage SNC, for an amount of €13.3 million, representing 1,008,314 new shares, in order to cover its engagement in Share Appreciation Rights (SARs) issued to employees in certain countries.

Treasury shares

The Shareholders' Meeting of May 20, 2008 authorised 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 €30 per share. This programme is capped to €350 million and has duration of 18 months from the date of the Shareholders' Meeting (ending November 20, 2009).

The objectives of this programme 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.443-1 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 repurchase programme, Rexel entered into a contract with the Rothschild bank to promote the liquidity of its shares for an amount €11.0 million under a mandate given by the Supervisory Board in November 2007. This amount may be adjusted either up or down as required to ensure the effectiveness of the contract.

On December 31, 2008, Rexel held 1,215,015 treasury shares acquired at an average price of €7.358 per share, recorded as a reduction in shareholders' equity for an amount of €8.9 million.

In addition, losses on treasury shares disposed of during the period amounted to €1.8 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 their Rexel shares into the market subject to a maximum of €10.0 million per rolling 30 day 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 the later of (i) April 4, 2009, or (ii) the date on which the Main Investors cease to collectively hold, directly or indirectly, 40% of Rexel's share capital. At the latest, such agreement will in any event terminate on April 12, 2012. 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,	
	2008	2007
Declared and paid during the year (in millions of euros)	94.4	–
Dividends on ordinary shares corresponding to (in euros)	0,37 per share	–
Proposed distribution	–	

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 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 1, 2008. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010 or October 2, 2010), these being restricted during an additional two year period (June 24, 2012 or October 2, 2012), so called "2+2 Plan", or four years after the granting date with no restrictions subsequently, so called "4+0 Plan".

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

Vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Date of delivery		Maximum number of shares attributed on granting date		Variations	Maximum number of shares attributed on December 31, 2008	
		2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan		2+2 Plan	4+0 Plan
Members of Group Executive Committee	Two years service condition from grant date and performance conditions based on: (i) 2008 EBITDA, (ii) 2007/2009 EBITDA margin increase and (iii) 2009 ratio Net Debt to EBITDA	24-Jun-10	24-Jun-12	241,211	217,920	–	241,211	217,920
		02-Oct-10	02-Oct-12	–	28,436	–	–	28,436
Other key managers	Two years service condition from grant date and performance conditions based on: (i) 2008 EBITDA and (ii) 2007/2009 EBITDA margin increase	24-Jun-10	24-Jun-12	280,698	801,891	(32,066)	267,480	783,043
		02-Oct-10	02-Oct-12	3,456	34,349	(2,853)	3,456	31,496
Total				**525,365**	**1,082,596**	**(34,919)**	**512,147**	**1,060,895**

The fair value of Rexel's shares granted to employees is estimated to €7.88 per share, based upon the stock price at grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are computed as a reduction of the fair value.

For the period ended December 31, 2008, the related expense for these 2008 plans amounted to €2.3 million and is accounted for on line "Distribution and administrative expenses".

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. According to local regulations, these employees and executives will 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	Vesting conditions	Number of shares attributed April 11, 2007	Number of shares attributed October 29, 2007	Cancelled in 2007 (1)	Number of shares December 31, 2007	Cancelled in 2008 (1)	Number of shares December 31, 2008
Top executives and managers	One year service condition from grant date (2)	2,556,576	–	–	2,556,576	–	2,556,576
Top executives and managers	Performance conditions based on the consolidated 2007 EBITDA and one year service condition from grant date (2)	1,193,055	–	–	1,193,055	(88,254)	1,104,801
Key employees	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 (3)	1,272,559	33,991	(74,726)	1,231,824	(96,171)	1,135,653
Total		**5,022,190**	**33,991**	**(74,726)**	**4,981,455**	**(184,425)**	**4,797,030**

(1) Service condition unfulfilled.
(2) Vesting conditions fulfilled at December 31, 2008.
(3) Performance conditions achieved at December 31, 2008.

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 is spread over the vesting period.

As of December 31, 2008, a charge of €19,7 million is accounted for on the line "other charges" (see note 7.2) in counterpart under shareholder's equity.

15.2 Stock option plans

Plans issued by Rexel in 2005

On October 28, 2005, Rexel established a share option programme (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. The terms and conditions stipulated that the number of options that might be exercised varied based on the annual internal rate of return of funds invested by Ray Investment S.à.r.l. in the Group, calculated as of the date and on the basis of the pricing of the initial public offering of the Company.

On November 30, 2005, a share option 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, further grants were made to new entrants.

In accordance with these programmes, options are exercisable at the fair value of the shares at the date of grant. These plans qualified as equity-settled transactions.

Options granted under the Plan No.1 and the Plan No.2 were vested upon the Initial Public Offering of Rexel shares in April 2007. The beneficiaries of these options may exercise their option only on the latest date between (i) expiry of a period of non-availability of 4 years as from the time they are

granted and (ii) the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market.

In accordance with these programmes, options are exercisable at the fair value of the shares at the date of grant. These plans qualified as equity-settled transactions.

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

Prior to its acquisition by Rexel Développement (formerly Ray Acquisition S.C.A.), share options arrangements were granted annually by Rexel Distribution (formerly Rexel S.A.) to management personnel. On January 31, 2005, the board of directors enacted the accelerated vesting of the options issued under plans with service and performance conditions and outstanding at this date, so that holders of these options may exercise their rights during the squeeze-out procedure of the minority interest which took place in April 2005. Part of these options issued under 2003 and 2004 plans were then exercised at that date. The other part was covered by a liquidity mechanism entered into by Rexel Développement and certain beneficiaries. This agreement provided for the repurchase by Rexel Développement of the shares arising on the exercise of the stock options after the four-year lock-up period.

Terms and conditions

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, 2008	Options term
Options granted to management prior to November 7, 2002	933,943	168,611	10 years
Options granted to management in 2003	623,413	545	10 years
Options granted to management in 2004	782,790	2,045	10 years
Total options granted by Rexel Distribution	**2,340,146**	**171,201**	
Options granted to key manager ("Plan No.1")			
– on October 28, 2005	2,711,000	1,231,002	10 years
– 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	472,956	10 years
– on May 31, 2006	34,550	65,976	
Total options granted by Rexel	**3,338,296**	**2,178,330**	

Number of stock options

The number of stock options is detailled below:

(Number of options)	Rexel S.A.		Rexel Distribution S.A.		
	2005 Plans		2004 Plans	2003 Plans	Plans prior to November 7, 2002
	Executives	Key employees			
Options existing January 1, 2007	**2,882,000**	**276,489**	**496,559**	**367,377**	**434,663**
Cancelled during this period	–	–	(5,545)	(4,585)	(71,922)
Exercised during this period	–	–	–	(361,658)	(154,587)
Granted during this period	(2,062,301)	(5,273)	–	–	–
Splitting the share par value and doubling the number of options	819,699	271,216	–	–	–
Options existing December 31, 2007	**1,639,398**	**542,432**	**491,014**	**1,134**	**208,154**
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**
Exercisable options at the end of exercise	1,639,398	538,932	2,045	545	168,611
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,	
	2008	2007
Net income attributed to ordinary shareholders *(in millions of euros)*	230.2	143.5
Weighted average number of ordinary shares *(in thousands)*	255,460	220,976
Basic earnings per share *(in euros)*	**0.90**	**0.65**
Net income attributed to ordinary shareholders *(in millions of euros)*	230.2	143.5
Average number of balanced shares in circulation *(in thousands)* (1)	255,460	220,976
Potential dilutive ordinary shares *(in thousands)*	6,365	3,707
– out of which are share options (in thousands)	*826*	*1,399*
– out of which are free shares (in thousands) (2)	*5,539*	*2,308*
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share *(in thousands)*	261,825	224,683
Fully diluted earnings per share *(in euros)*	**0.88**	**0.64**

(1) After split in two of the value following the decision at the General meeting of April 4, 2007.
(2) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance.

17. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(in millions of euros)	As of December 31, 2008	2007
Provisions	168.6	41.4
Other non-current liabilities	55.2	11.4
Total	**223.8**	**52.8**

Other non-current liabilities are comprised essentially of fair value of derivatives instruments for €45.0 million (see note 20.1) and debts related to the profit sharing schemes for French employees in the amount of €10.3 million (€8.3 million as of December 31, 2007).

The variation in provisions is detailed below:

(in millions of euros)	Provision for restructuring	Provision for litigation	Other provision	Provision for vacant properties	Total provisions
At January 1, 2007	**10.7**	**27.7**	**6.2**	**3.3**	**47.9**
Change in consolidation scope	–	–	0.2	–	**0.2**
Increase	2.5	12.2	2.3	1.9	**18.9**
Use	(5.6)	(3.3)	(3.4)	(1.1)	**(13.4)**
Release	(0.7)	(8.3)	(1.6)	(2.1)	**(12.7)**
Translation differences	0.1	(1.2)	1.6	(0.2)	**0.3**
Other changes	0.6	(3.7)	3.3	–	**0.2**
At December 31, 2007	**7.6**	**23.4**	**8.6**	**1.8**	**41.4**
Change in consolidation scope	1.8	5.6	18.8	85.7	**111.9**
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 differences	(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**	**29.6**	**80.3**	**168.6**

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), €1.9 million in Spain (integration of ABM);
- litigation reserves concerning fiscal matters of €25.2 million in France (see note 22.2), €5.6 million in the Netherlands and of €3.7 million in Canada;
- other reserves for claims incurred in normal course of business including commercial litigation of €11.0 million, personnel-related litigation of €4.1million and claims for warranties granted to customers ;
- provision for vacant properties including a reserve for onerous contract relating to the national distribution center in the UK acquired as part of the business combination with Hagemeyer for €51.9 million.

For the year ended December 31, 2008, change in consolidation scope related to Hagemeyer entities for €112.2 million and mainly included reserve for various onerous contract in the UK for €75.9 million, reserve for the exposure related to legal proceedings (see note 22.1) for €10 million, reserve for warranty granted on ACE Division products for €7.6 million and a reserve for Group tax risks for €5.6 million.

18. EMPLOYEE BENEFITS

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

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

(in millions of euros)	Defined benefit obligations	
	2008	2007
At the beginning of the period	**461.6**	**482.0**
Service cost	14.9	12.1
Interest cost	45.2	21.8
Benefit payments	(43.6)	(22.5)
Employee contributions	3.1	3.9
Actuarial (gain) loss	(51.0)	(29.0)
Change in consolidation scope	560.0	0.4
Translation differences	(65.9)	(1.9)
Other changes	(0.2)	(5.2)
At the end of the period	**924.1**	**461.6**

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

(in millions of euros)	Plan assets	
	2008	2007
At the beginning of the period	**353.1**	**343.6**
Employer contributions	27.7	17.1
Employee contributions	3.2	3.9
Return on plan assets	(91.4)	15.1
Benefit payments	(43.7)	(22.2)
Change in consolidation scope	525.8	0.2
Translation differences	(45.0)	(1.6)
Other changes	(1.0)	(3.0)
At the end of the period	**728.7**	**353.1**

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,	
	2008	2007
Defined benefit obligations	924.1	461.6
Fair value of plan assets	(728.7)	(353.1)
Funded status	**195.4**	**108.5**
Unrecognized actuarial gains and losses	(61.9)	14.4
Effect of the asset cap	–	2.7
Recognized net liability for defined benefit obligations	**133.5**	**125.6**
of which "Employee benefits"	*175.4*	*125.6*
of which "Other financial assets" [1]	*(41.9)*	–

(1) The €41.9 million surplus of the defined benefit plan assets over liabilities is relating 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. No asset ceiling was recognized at December 31, 2008 since the difference between the projections of future service costs and the expected future contributions was in excess of the asset.

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

(in millions of euros)	As of December 31, 2008	2007
Service costs [1]	14.9	12.2
Interest costs [2]	45.2	21.8
Expected return on plan assets [2]	(43.8)	(21.3)
Curtailment and settlement [3]	–	(1.3)
Amortization of unrecognized actuarial gains / losses [1]	2.5	(2.7)
Other [1]	(2.6)	2.6
Expense recognized	**16.2**	**11.3**

(1) Recognized as personnel costs (see note 6).
(2) Recognized as net financial expenses (see note 8).
(3) Recognized as other income and expenses (see note 7).

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

(in %)	Canada		United States		United Kingdom		Euro Zone	
	2008	2007	2008	2007	2008	2007	2008	2007
Discount rate [1]	6.50	5.25	6.00	6.25	6.00	5.80	5.75	5.50
Expected return on plan assets [2]	6.75	7.75	7.75	8.00	7.15	6.70	5.75	5.25
Future salary increases	3.00	3.00	n/a	n/a	2.70	2.70	3.00	3.00
Future pension increases	2.00	2.00	n/a	n/a	2.25	2.25	2.00	2.00

(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, 2008, a 25 basis points decrease in discount rates would result in a €35 million increase in the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result in €2 million increase in the expense.

As of December 31, 2008, a 1% increase in medical costs would translate to a €5 million increase in the present value of health care plans.

As of December 31, 2008, the average allocation of Group funds invested for retirement plans by type of investment is as follows: 38% in stocks, 48% in bonds, 1% in money markets and 13% in other investment categories.

19. FINANCIAL LIABILITIES

This note provides information about financial liabilities as of December 31, 2008. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

(in millions of euros)	As of December 31, 2008			As of December 31, 2007		
	Current	Non-current	Total	Current	Non-current	Total
Senior Subordinated Notes and indexed bonds	–	–	–	54.8	–	54.8
Senior credit facility	178.2	2,225.9	2,404.1	–	960.6	960.6
Securitization	–	1,255.0	1,255.0	–	1,012.1	1,012.1
Bank loans	5.2	3.7	8.9	5.9	5.0	10.9
Bank overdrafts and other credit facilities [1]	91.4	–	91.4	45.1	–	45.1
Finance lease obligations	9.6	17.4	27.0	16.9	37.5	54.4
Less transaction costs	–	(47.4)	(47.4)	–	(16.1)	(16.1)
Carrying amount of liability	***284.4***	***3,454.6***	***3,739.0***	***122.7***	***1,999.1***	***2,121.8***
Total financial debt and accrued interest			**3,739.0**			**2,121.8**
Cash and cash equivalents			(807.0)			(515.2)
Net financial debt			**2,932.0**			**1,606.6**

(1) Including accrued interest of €8.3 million as of December 31, 2008 (€4.5 million as of December 31, 2007).

19.1.1 Senior Credit Agreement

Within the context of the tender offer initiated in The Netherlands by Kelium (an indirect subsidiary of Rexel) on December 24, 2007 relating to 100% of the securities of Hagemeyer, Rexel, as borrower and guarantor, and Kelium, as borrower, entered into a €5.4 billion credit agreement on December 19, 2007 with Calyon, Crédit Industriel et Commercial (CIC), HSBC France, HSBC Bank plc, ING Bank NV, Natixis and The Royal Bank of Scotland Plc, as Mandated Lead Arrangers and Original Lenders, and Calyon, as Agent. The Senior Credit Agreement was entered into to finance Hagemeyer acquisition, refinance the entirety of the Group's debt under the 2007 Senior Credit Agreement entered into on February 15, 2007, refinance the Hagemeyer Group's debt and finance the general operating requirements of Group companies. The Senior Credit Agreement was amended on September 22, 2008 and includes:

- Facility A, which is a multi-currency partly redeemable credit facility with a five-year term as from the execution date of the Senior Credit Agreement (*i.e.* as from December 19, 2007), in an initial amount of €3.1 billion which was intended to partially refinance Rexel's existing debt (in principal, interest and premiums) under the 2007 Senior Credit Agreement, finance the acquisition of the Hagemeyer securities, ensure the refinancing of Hagemeyer's debt and that of its subsidiaries and pay the expenses and charges relating to Offer. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been repaid for an amount of €783.0 (€571.0 million on June 19, 2008 and €212.0 million on July 1, 2008). In August 2008, this facility was reduced by €60 million, following the implementation of Facility A'.
- Facility A' was created by the execution of the amendment dated September 22, 2008 and immediately drawn in full for a nominal amount of €60 million by reallocating a similar amount from Facility A to Facility A'. It has the same main characteristics than Facility A, and must be repaid in priority on such Facility A (see repayment schedule in note 20.3).
- Facility B, which is a multi-currency revolving credit facility ("Revolver") with a five-year term as from the execution date of the Senior Credit Agreement, in an original maximum amount of €600 million which is intended to partially refinance Rexel's existing debt (in principal, interest and

premiums) under the 2007 Senior Credit Agreement, finance the general operating requirements of Group companies, in particular working capital requirements and finance certain acquisitions that meet the criteria set forth in the Senior Credit Agreement. The maximum amount of Facility B was reduced by €15 million to €585 million.

– Facility C, which was a multi-currency credit facility with a six-month term as from the settlement and delivery date of the Offer in a maximum amount at inception of €1.2 billion reduced to €737 million. Facility C was reserved for financing the acquisition of the Hagemeyer securities and paying the expenses and charges relating to the acquisition. Facility C was fully repaid in June 2008 with the proceeds from the sale of asset sales to Sonepar.

– Facility D, which was a multi-currency credit facility with a two-year term as from the settlement and delivery date of the Offer and will mature on March 14, 2010, in a maximum amount of €500 million. Facility D was reserved for the financing of the acquisition of Hagemeyer securities and paying the expenses and charges relating to the acquisition. Facility D was intended to be refinanced through proceeds from securitization programmes to be set-up and including Hagemeyer retained entities. Following disposals to Sonepar of non-retained Hagemeyer entities and the execution of a new European securitization program in December, this facility has been partly repaid for an amount of €407.6 million (€92.0 million on June 19, 2008, €38.0 on July 1, 2008 and €277.6 million on December 19, 2008). On December 29, 2008 the Group cancelled €6.1 million of available undrawn credit on this Facility. On January 22, 2009, this facility was reduced to €72.3 million following an additional repayment of €14.0 million.

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

As of December, 31 2008, 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, 2008 (in millions of local currency)	Currency	Balance due as of December 31, 2008 (in millions of euros)
Facility A [1]	2,257.8	Rexel Distribution	1,000.0	SEK	92.0
		Rexel Distribution	180.0	CHF	121.2
		IESC	772.0	USD	554.7
		Rexel North America Inc	320.0	CAD	188.3
		Kelium SAS and Rexel Distribution	1,301.7	EUR	1,301.7
Facility A'	60.0	Kelium SAS	60.0	EUR	60.0
Facility B [2]	585.0	Kelium SAS and other obligors	–	EUR	–
Facility C [1]	–	Kelium SAS	–	EUR	–
Facility D [1]	86.3	Kelium SAS	86.3	EUR	86.3
TOTAL	**2,989.1**				**2,404.1**

(1) Original commitment of €3,1 billion for Facility A, €1,2 billion reduced to €737 million for Facility C and €500 million for Facility D reduced or cancelled after repayment made in June, July and December 2008 following the disposal of the "Sonepar Entities" and the implementation of the European securitization program.
(2) Original commitment of €600 million reduced to €585 million in accordance with the amendment on the SCA in September 2008.

Interests and margin

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

The applicable margin is equal to 1.75% in relation to facilities A, A' and B and will be reduced to 1.4% in early 2009 in accordance with the Pro Forma Leverage ratio described below.

Facility B, as a revolver facility, is not currently drawn. It therefore bears a commitment margin equals to 35% of the applicable margin.

From December 31, 2008 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:

Pro Forma Leverage Ratio	Margin
Greater than 4.50:1	2.00%
Greater than or equal to 4.00:1	1.75%
Greater than or equal to 3.50:1	1.40%
Greater than or equal to 3.00:1	1.10%
Greater than or equal to 2.50:1	0.90%
Less than 2.50:1	0.75%

The applicable margin for Facility C amounted to 0.80% until May 1, 2008 (1.20% thereafter), and the applicable margin for Facility D amounts to 1.00% until March 14, 2009 (2.00% thereafter).

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to the adjusted consolidated net debt relative to the adjusted consolidated EBITDA, as such terms are defined below:

Adjusted consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's financial statements and:

- Includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;
- Includes proceeds relating to commodity price derivatives to hedge exposure to the price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;
- Excludes expenses relating to employee profit sharing and any share based payments or the grant of share subscription options;
- Excludes restructuring costs relating to the integration of Hagemeyer; and
- Is adjusted to 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 transaction costs, intra-group loans and amounts payable under Facility C;
- plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;
- plus accrued interest, including capitalized interest but excluding interest accrued on intra-group loans;
- minus cash and cash equivalents.

Commitment

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

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

As of December 31, 2008 this ratio was 3.60, thus satisfying the covenant with a 32% headroom.

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

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

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

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

Canadian entities, in addition to Hagemeyer, guarantee the obligations of Rexel in accordance with applicable laws.

19.1.2 Securitization programs

On December 17, 2008, Rexel launched a new securitization programme, including Hagemeyer's operations in the United Kingdom, Germany, Spain, Belgium and the Netherlands, as well as Rexel's subsidiaries in Spain, Belgium and the Netherlands. This programme, of a maximum amount of €600 million, has a term of 5 years.

Securitization programme features are summarized in the table below:

Programme		(in millions of currency)			(in millions of euros)		Maturity date	On-going cost of funding
		Commitment	Amount of receivables pledged on December 31, 2008	Amount drawn on December 31, 2008	Outstanding amount on December 31, 2008	Outstanding amount on December 31, 2007		
2005 – Pan-European (Europe-Australia)	EUR	600.0	751.5	589.7 EUR	589.7	596.0	20/11/2012	BT & EUR Commercial Paper +0.48%
United States	USD	470.0	670.3	454.7 USD	326.7	319.2	11/03/2012	US Commercial Paper +0.33%
Canada	CAD	140.0	235.3	125.5 CAD	73.8	96.9	13/12/2012	Canadian Commercial Paper +0.45%
2008 – Europe	EUR	600.0	184.7 151.5	146.2 EUR 113.0 GBP	264.8	–	17/12/2012	BT & Euro/US Commercial Paper +0.86%
TOTAL					**1,255.0**	**1,012.1**		

Considering their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables selling programmes cannot be qualified for derecognition under IAS 39 requirements. Assigned receivables therefore remain registered as assets on the Group's balance sheet whereas the amount due is considered a debt.

Securitization programmes are subject to certain covenants concerning the quality of the receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency, and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables).

As of December 31, 2008 Rexel had satisfied all of these covenants.

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

In 1998, Rexel Distribution entered into a €45.7 million (initially FRF300 million) bond issuance comprising 300,000 zero-coupon bonds with a nominal value of €152.45, redeemable on May 11, 2008. In order to protect against fluctuation of the market value of the bond and ensure full redemption of the principal of the bond issue, Rexel Distribution entered into a swap offering this protection in exchange for the quarterly payment of interest corresponding to three-month EURIBOR minus 0.08%. On May 11, 2008, Rexel Distribution redeemed this bond issue at €183.8354 per bond, i.e., a total amount of €55.75 million. Under the swap implemented, Rexel Distribution received an amount of €9.5 million corresponding to the difference between the last interest payment at the rate of three-month EURIBOR minus 0.08% and the fair value of the swap. Therefore, the net amount paid by Rexel under the redemption of the bond issue amounted to €45.7 million, corresponding to the nominal value of the bond issuance.

19.2 Change in net financial liabilities

As of December 31, 2008 and December 31, 2007, change in net financial liabilities is as follows:

(in millions of euros)	2008	2007
At January 1,	**1,606.6**	**3,901.0**
Net change in shareholders' loan	**–**	**(1,039.9)**
Early repayment of Senior Subordinated Notes	–	(600.0)
Reimbursement of Senior Credit Agreement 2005	–	(1,596.2)
Subscription of Credit Agreement 2007	–	999.4
Reimbursement of Senior Credit Agreement 2007 (1)	(947.5)	–
Re-financing of Hagemeyer pre-acquisition debt (1)	(260.0)	–
Subscription of Credit Agreement 2008 (1)	4,323.1	–
Reimbursement of Senior Credit Agreement 2008 (2)	(1,927.6)	–
Transaction costs of Credit Agreement 2008 (3)	(66.6)	–
Transaction costs of European securitization program 2008 (3)	(4.6)	–
Repayment of the 1998 Indexed bond	(45.7)	–
Net change in other credit facilities and bank overdrafts	(40.3)	(16.1)
Net change in credit facilities	**1,030.8**	**(1,212.9)**
Net change in securitization (5)	354.0	42.2
Payment of finance lease liabilities (4)	(66.3)	(26.9)
Net change in financial liabilities	**1,318.5**	**(1,197.6)**
Change in cash and cash equivalents	(246.0)	(46.4)
Foreign currency exchange discrepancies	(85.2)	(101.6)
Change in consolidation scope (6)	314.6	15.0
Amortization of transaction costs	39.6	82.4
Other changes	(16.1)	(6.3)
At December 31,	**2,932.0**	**1,606.6**

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

As of March 14, 2008, following the acquisition of Hagemeyer, the remaining amount due under Facility A of the 2007 Senior Credit Agreement, was entirely redeemed in advance for an amount of €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).

(2) Reimbursement of facilities under the Senior Credit Agreement

Following the sale to Sonepar of non-retained Hagemeyer entities in June 2008 (as described in note 3.1) and the implementation of a European securitization program in December 2008 (as described in note 19.1.2), 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.

(3) 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.

(4) Payment of finance lease liabilities

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

(5) 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.

(6) Change in consolidation scope

Change in consolidation scope includes the take-over of Hagemeyer indebtedness and Sonepar indebtedness in Sweden at acquisition date for an amount of €320.0 million less Germany debt for €6.0 million following the disposal of Rexel historical business in Germany (see note 3).

In the year ended December 31, 2007, net change in credit facilities included the reimbursement of the Senior Subordinated Notes of €600.0 million, the refinancing of the 2005 Senior Credit Agreement for an amount of €1.6 billion and the drawdown of a facility under the 2007 Senior Credit Agreement for an amount of €1.0 billion.

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 three-fourths of the net financial debt and the remaining at variable interest rates.

Every month the Group monitors the interest rate risk during the treasury committees, with the involvement of the top management. This process enables the Group to assess the efficiency of the hedges and to adapt them to the underlying indebtedness where necessary. The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

	As of December 31,	
(in millions of euros)	2008	2007
Fixed rate finance leases and other fixed rate debt	35.0	40.2
Financing fees	(47.3)	(16.0)
Fixed rate debt before hedging	*(12.3)*	*24.2*
Variable to fixed rate swaps	1,183.0	999.1
Interest rate options – Caps	1,087.8	315.9
Subtotal fixed or capped rate debt after hedging	**2,258.5**	**1,339.2**
Variable rate debt before hedging	3,751.4	2,097.7
Variable to fixed rate swaps	(1,183.0)	(999.1)
Active Interest rate options – Caps and Collars	(69.3)	–
Cash and cash equivalents	(807.0)	(515.2)
Subtotal variable rate debt after hedging	1,692.1	**583.4**
Inactive interest rate options – Caps and Collars	(1,018.6)	(315.9)
Subtotal variable rate debt	**673.5**	**267.5**
Total financial debt and accrued interests	**2,932.0**	**1,606.7**

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 US dollar, Euros, Pound Sterling, and Canadian dollar- denominated caps and collars contracts.

These derivatives mature between December 2008 and September 2012. It is the Group's intention to renew any of these swaps in order to hedge the variability of future interest expense related to its floating interest debt according to its policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning the evolution of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

Cash flow hedge derivatives

As of December 31, 2008, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency (in millions of currency)	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value (in millions of euros)
Swaps paying fixed rate					
Euro	303.0	March 2010	1M Euribor	3.15%	(2.4)
US Dollar	185.0	September 2009	3M Libor	5.25%	(3.7)
	269.0	March 2010	3M Libor	4.64%	(7.8)
	200.0	September 2011	3M Libor	3.35%	(9.4)
	230.0	December 2011	3M Libor	3.77%	(5.6)
	200.0	September 2012 (1)	3M Libor	3.18%	(4.9)
Canadian Dollar	112.0	March 2009	3M Libor	3.83%	(0.2)
	80.0	March 2010	3M Libor	4.02%	(1.7)
Swedish Krona	430.0	March 2010	3M Stibor	3.36%	(0.7)
Australian Dollar	41.5	March 2010	3M Libor	6.10%	(0.6)
Total					**(37.0)**

	Total notional amount currency (in millions of currency)	Maturity	Premium paid (in millions of currency)	Floating rate received	Weighted average fixed rate paid	Fair value (in millions of euros)
Caps						
US Dollars	50.0	March 2009	0.3	3M Libor	5.00%	–
US Dollars	115.0	September 2009	0.5	3M Libor	5.50%	–
Collars						
Euro	900.0	March 2011	0.8	3M Euribor	2.65% – 4.50%	(6.3)
Pound Sterling	66.0	March 2011	0.2	3M Libor	3.75% – 5.75%	(2.1)
Canadian Dollars	126.0	March 2011 (2)	0.1	3M C-Bor	2.75% – 5.00%	(2.6)
Total			**1.9**			**(11.0)**

(1) Beginning on September 16, 2009.
(2) Beginning on March 16, 2009.

Following the acquisition of Hagemeyer and in accordance with its interest rate hedging strategy, the Group entered into collars contracts in Euros, Pound Sterling and Canadian dollars. At the subscription date, Rexel paid a premium for an amount of €1.9 million.

On December 31, 2008, the total notional amount of cash flow hedge swaps and cash flow hedge options were €1,254.9 million and €1,162.0 million, respectively.

The change in fair value of the cash flow hedge instruments for the period ended December 31, 2008 was recognized as a reduction in shareholders' equity for an amount of €47.2 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	(48.0)	(28.2)	(14.1)	(5.0)	(0.7)
Derivatives	(48.0)	(28.2)	(14.1)	(5.0)	(0.7)
Cash flow hedged	(48.0)	(28.2)	(14.1)	(5.0)	(0.7)

Sensitivity to interest rate variation

As of December 31, 2008 an instantaneous rise of 1% in short-term interest rates on variable debt excluding inactive interest rate options after the 1% rise, would lead to an increase in interest expense estimated to €17.2 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 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, 2008 were respectively €121.8 million (€454.6 million forward sales and €332.8 million forward purchases) and €1.9 million. Change in fair value is accounting for in net financial expenses in order to neutralize exchange rate gain (loss) related to hedging transactions.

Sensitivity to variation in the exchange rate

In 2008, nearly two-thirds of the Group's sales on a proforma basis were in currencies other than euro, including nearly 40% in US dollars and 10% in Canadian dollars.

Also, around half of the Group's net debts were originally demonstrated in currencies other than euro, of which nearly 27% were 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 euros 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 euro against the US dollar and the Canadian dollar would have led to a decrease (increase) in sales of €225.9 million and a decrease (increase) in operating income before other income and other expenses of respectively €10.9 million.

The Group's financial liabilities and shareholder 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 US or Canadian dollar considered at the close of the fiscal year on December 31, 2008, would result in a corresponding decrease or increase in financial debt and shareholders' equity of, respectively, €49.3 million and €3.1 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 dollars	Canadian dollars	Australian dollars	Norwegian crown	Swedish kronor	Pound sterling	Other currency	Total
Financial liabilities	2,088.8	876.3	260.0	68.6	6.1	94.3	207.2	137.7	**3,739.0**
Cash and cash equivalents	(620.0)	(83.5)	0.2	(24.0)	(24.3)	(12.0)	(13.5)	(29.9)	**(807.0)**
Net financial position before hedging	**1,468.8**	**792.8**	**260.2**	**44.6**	**(18.2)**	**82.3**	**193.7**	**107.8**	**2,932.0**
Impact of hedge	(138.9)	(40.9)	(27.1)	23.6	211.1	77.3	(138.2)	33.1	**–**
Net financial position after hedging	**1,329.9**	**751.9**	**233.1**	**68.2**	**192.9**	**159.6**	**55.5**	**140.9**	**2,932.0**
Impact of a 5% increase of exchange rate	–	37.6	11.7	3.4	9.6	8.0	2.8	7.0	**80.1**

20.3 Liquidity risk

The Senior Credit Agreement has a five year and one day term (beginning on the date of the first draw-down). Under the Senior Credit Agreement, contractual repayment of Facility A and A' (which are partly redeemable) and Facility D (which has a two year term) are as follows:

Facility A repayment date	Repayment instalment (in millions of euros)
December 2009	160.0
December 2010	262.9
December 2011	262.9
December 2012	1,572.0

Facility A' repayment date	Repayment instalment (in millions of euros)
December 2009	4.3
December 2010	7.1
December 2011	7.1
December 2012	41.5

Facility D repayment date	Repayment instalment (in millions of euros)
January 2009	14.0
March 2010	72.3

The Senior Credit Agreement also includes a revolving facility which has been put in place to cover monthly and seasonal variations in its financing in connection with the Group's securitization programs and to finance acquisitions. At December 31, 2008, this facility has not been drawn and is still available. 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 19.1.1.

Lastly, securitization programs mature in 2012 and 2013. The financing arising from these programmes 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 programmes may need 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, 2008	2007
Due within		
One year [1]	272.3	119.2
Two years	328.9	4.8
Three years	264.5	6.7
Four years	2,598.0	0.3
Five years	266.2	1,983.1
Thereafter	9.1	7.7
Total financial debt	**3,739.0**	**2,121.8**
Interest to be paid	514.1	390.8
Total net repayable	**4,253.1**	**2,512.6**

(1) Including contractual repayment under facility A and A' for €164.2 million, repayment of €14.0 million under facility D done on January 22, 2009 and bank overdraft for €91.4 million.

As of December 31, 2008, the remaining contractual due dates, including interest owed, are as follows:

(in millions of euros)	Financial debt & interests	Derivatives	Total
Due within			
One year	407.0	28.4	**435.4**
Two years	453.0	14.3	**467.3**
Three years	374.5	5.3	**379.8**
Four years	2,683.9	0.7	**2,684.6**
Five years	276.5	–	**276.5**
Thereafter	9.5	–	**9.5**
Total financial debt	**4,204.4**	**48.7**	**4,253.1**

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 programmes 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 €2,363.3 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 debt was €812.9 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 €471.1 million and essentially corresponds to supplier discounts receivable.

21. SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	As of December 31,			
		2008		2007	
		Carrying amount	Fair value	Carrying amount	Fair value
Bonds	FV	–	–	54.8	54.8
Other bonds	AC	–	–	–	–
Other financial debts, including accrued interest	AC	3,739.0	3,739.0	2,067.0	2,067.0
Total financial liabilities		**3,739.0**		**2,121.8**	
Trade accounts payable	AC	**1,930.0**	**1,930.0**	**1,659.3**	**1,659.3**
Vendor rebates receivable	AC	107.8	107.8	66.9	66.9
Personnel and social obligations (2)	N/A	263.2	N/A	229.3	N/A
VAT receivable and other sales taxes (2)	N/A	69.1	N/A	48.6	N/A
Hedging derivatives (1)	N/A	3.9	N/A	7.1	N/A
Other derivatives	HTM	4.0	4.0	1.9	1.9
Other liabilities	AC	168.7	168.7	143.0	143.0
Deferred income (2)	N/A	7.5	N/A	2.4	N/A
Total other debts		**624.2**		**499.2**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial liability under IAS 39.

Financial liabilities – stated at amortized cost	AC
Held to maturity	HTM
Fair value through profit or loss	FV
Not applicable	N/A

22. LITIGATION AND CONTINGENCIES

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 managing and supervisory board members of Ceteco in a Dutch court for the entire deficit in bankruptcy, currently estimated by the bankruptcy receivers at €190 million, which includes a subordinated claim of Hagemeyer N.V. against 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 claim, 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 suspensory 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.

The Group believes that it has sound legal grounds to defeat this claim, but cannot give assurances that its defense will ultimately prevail, nor can it predict the outcome of this lawsuit will be. Would the outcome be not favorable for the Group, the agreement entered into on October 23, 2007 between Rexel and Sonepar provides for certain provisions in relation to the allocation of the losses, if any, suffered as a result of this litigation proceeding.

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 S.A. 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 Group believes that it has sound legal grounds to defeat this claim, but cannot give assurances that its defense 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 and the number of defendants, 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.

The following proceedings, relating to Hagemeyer, have been settled at the balance sheet date and their related effect recognized in the goodwill on acquisition as part of the purchase price allocation of Hagemeyer.

Settlement agreement with CEF City Electrical Factors B.V.

One of Hagemeyer's competitors, CEF Holdings Ltd, a wholesaler in electrical materials, claimed that it was prejudiced by a cartel maintained by, among others, the Dutch trade association of wholesale traders in electrical materials (the FEG) and all members of the FEG including (at that time) Elektrotechnische Groothandel Bernard B.V., one of Hagemeyer's Dutch subsidiaries. CEF City Electrical Factors B.V. initiated legal proceedings against Hagemeyer and its Dutch subsidiaries. On January 6, 2009, Rexel and CEF entered into an agreement to settle all pending litigation against Rexel and its subsidiaries effective on January 22, 2009. This agreement is subject to a confidentiality undertaking of the parties.

Arbitration regarding ABM

In connection with the acquisition of ABM by Hagemeyer in 2001, it was agreed to make certain earn-out payments to the seller of ABM, contingent upon Hagemeyer's achievement of certain agreed EBITDA levels. Hagemeyer determined that such agreed EBITDA levels were not achieved which was disputed by the seller. An arbitration award at the benefit of the seller was rendered on November 11, 2008 and a settlement took place on December 12, 2008 between the sellers of ABM and ABM resulting in a net disbursement of €11.7 million to the benefit of the seller.

22.2 Tax litigation

As of December 31, 2008, 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

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

The 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. 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 would result in an additional income tax expense of circa €120 million excluding interest for late payment. The Group believes this tax reassessment has no sound ground and therefore contests the argumentation of the tax authorities.

22.3 Other potential liabilities

Distribution agreement

In 2006, Rexel has entered into a distribution agreement with a key supplier that requires minimum product purchases of $1.1 billion over the agreement's three-year term. At December 31, 2008, open commitments for the Group were 0.3 billion. The agreement contains cure periods for volume shortfalls and provisions that protect the Group against conditions outside its control. Committed volumes are in line with historic annual levels.

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 Schrack and its subsidiaries

In accordance with the agreement for the sale of Schrack and its subsidiaries with Hannover Finance, the Group granted tax liability warranties to the acquirer. In the event the Group fails to honor its commitments, Hannover Finance will have the right to request a price reduction for the purpose of covering possible liabilities. The warranties expire 48 months after August 31, 2005, and are limited to €7 million, with a minimum threshold of €0.1 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.

23. RELATED PARTIES

Equity commitment fees

In June 2008, Rexel paid an amount of €2.9 million to shareholder's of Ray Investment S.à.r.l, its parent company in respect of the equity commitment granted to Rexel under the letter agreement dated on November 11, 2007. Under this agreement, an increase of Rexel's share capital was guaranteed in case of non repayment of Facility C in compliance with Senior Credit Agreement provisions.

Executive compensation

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

(in millions of euros)	For the year ended December 31,	
	2008	2007
Salaries and other short-term benefits	11.8	9.2
Post-employment benefits (service costs)	1.8	1.2
Indemnities at termination of contract	1.1	1.1
Free shares and stocks options [1]	13.6	31.5

(1) Share-based payment expense is detailed in note 15.

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

As of December 31, 2008, the executive committee members may receive, subject to presence and performance conditions, 2,143,799 shares of Rexel under the Free Share Scheme (2,747,522 at December 31, 2007) and 50,376 shares under the stock options programme (541,535 at December 31, 2007) (see 15.2).

Finally, in case of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €13.2 million.

24. CONTRACTUAL OBLIGATIONS

24.1 Contractual bligations

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, 2008					
	Total	2009	2010	2011	2012	> 2012
Financial debt	**3,739.0**	272.3	328.9	264.5	2,598.0	275.3
Operating leases	**645.9**	169.4	131.7	100.5	73.8	170.5
Service agreements	**113.4**	23.6	23.8	23.8	23.8	18.4

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, 2008.

The total expense for lease contracts was €133.7 million for the year ended 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 will expire 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 €113.4 million as of December 31, 2008.

24.2 Other obligations

Liability in relation to the acquisition of Suzhou Xidian Co.

In February 2008, Rexel Distribution S.A. entered into an agreement, amended on October 7, 2008, in relation to the acquisition of 63.5% of the share capital of Suzhou Xidian Co. Ltd, a corporation established in Suzhou and carrying out a business of distribution of Siemens automated devices and low-voltage products, essentially in the Suzhou area. Rexel Distribution S.A. will increase its shareholding to 100% in 2012. The acquisition price, prior to adjustment, is estimated to 42.3 million yuans (*i.e.,* €4.4 million). As at the date hereof, it is estimated that this acquisition should occur during the first half of 2009, subject to the customary conditions precedent for this type of transaction being met (in particular, the approval of the Chinese authorities).

25. SUBSEQUENT EVENTS AS OF DECEMBER 31, 2008

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

26. CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2008

	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
Kelium 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 Systèmes S.A.R.L.	Saint-Laurent-du-Var	100.00	100.00
Asfordis Association	Paris	100.00	100.00
SCI Grange Noire de Nevers	Toulouse	100.00	100.00
SCI Adour Bastillac	Mérignac	100.00	100.00
SCI CM Immobilier	Vaulx-en-Velin	100.00	100.00

	Registered office	%	
		Interest	Control
FRANCE			
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
Appro 5 Sud S.A.R.L.	St-Apollinaire	100.00	100.00
Espace Elec	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.	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
Francofa Atlantique S.A.S.	Rosny-sous-Bois	100.00	100.00
EUROPE			
Germany			
Rexel GmbH	Hanover	100.00	100.00
Simple System GmbH & Co KG	Munich	20.00	20.00
Hagemeyer Industrial Supply Deutschland GmbH	Munich	100.00	100.00
Euro Marketing & Deinstleistungs GmbH	Munich	100.00	100.00
Hagemeyer Nord GmbH (formerly Hagemeyer Central Europe 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 Deutschland GmbH	Emmerich	100.00	100.00
Galatea Einhundertvierzigste Vermogensverwaltungs GmbH	Frankfurt	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
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 Trading Co. Ltd	Potters Bar	100.00	100.00
Sunbridge Electrical Wholesales Ltd	Potters Bar	100.00	100.00
Hagemeyer (UK) Holdings Ltd.	Birmingham	99.13	100.00
Hagemeyer TCI Ltd.	Grand Cayman	99.13	100.00
Hagemeyer (UK) Ltd	Birmingham	99.13	100.00

	Registered office	%	
		Interest	Control
United Kingdom (continued)			
Newey & Eyre (Jersey) Ltd.	Birmingham	99.13	100.00
Newey & Eyre Export Ltd.	Birmingham	99.13	100.00
Parker Merchanting Limited	Birmingham	99.13	100.00
WF Electrical Plc	Dagenham	99.13	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	99.13	100.00
Neilco Ltd.	Birmingham	99.13	100.00
Warrior (1979) Ltd.	Birmingham	99.13	100.00
Total Security Supplies Limited	Birmingham	99.13	100.00
Newey & Eyre International Ltd.	Birmingham	99.13	100.00
N. & E. (Overseas) Ltd.	Guernsey	99.13	100.00
Dunlop & Hamilton Ltd.	Belfast	99.13	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	99.13	100.00
Hagemeyer (UK) Pension Trustees Ltd.	Birmingham	99.13	100.00
Pollard Ray & Sampson Ltd.	Birmingham	99.13	100.00
A&A Security Technologies Limited	Birmingham	99.13	100.00
Stop Shop Limited	Birmingham	99.13	100.00
Barron Control Group Limited	Birmingham	99.13	100.00
Barron Automation Systems Limited	Birmingham	99.13	100.00
B.L.M. Electrical Supplies Limited	Birmingham	99.13	100.00
Barron International Limited	Birmingham	99.13	100.00
Barron Control Panels Limited	Birmingham	99.13	100.00
Barron Control Gear (Shepshed) Limited	Birmingham	99.13	100.00
Defiance Contractor Tools Limited	Birmingham	99.13	100.00
Harduns (Contractors Tools) Limited	Birmingham	99.13	100.00
Nyquist Electrical Components Ltd.	Dagenham	99.13	100.00
J&N Wade Limited	Dagenham	99.13	100.00
Blackstone Holdings Limited	Dagenham	99.13	100.00
OLC Limited	Dagenham	99.13	100.00
Grants Electrical Supplies Ltd.	Dagenham	99.13	100.00
Arron Ltd.	Dagenham	99.13	100.00
Ross Industrial Controls Ltd.	West Lothian	99.13	100.00
VF Investment Ltd.	Dagenham	99.13	100.00
WF Electrical Quest Trustees Ltd.	Dagenham	99.13	100.00
Freetime Group UK Limited	Bristol	99.13	100.00
OLC (Holdings) Ltd.	Dagenham	99.13	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
Contacten Norrlands Elgrossist AB	Umea	100.00	100.00
Moel AB	Bredaryd	100.00	100.00

	Registered office	%	
		Interest	Control
Austria			
Rexel Central Europe Holding GmbH	Vienna	100.00	100.00
Rexel Austria GmbH	Vienna	100.00	100.00
Schäcke GmbH	Vienna	100.00	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00	100.00
Beli Vermogensverwaltungs GmbH	Vienna	100.00	100.00
The Netherlands			
CDME BV	Amsterdam	100.00	100.00
Rexel Nederland BV	Gouda	100.00	100.00
BV Electrotechnische Groothandel JK Busbroek	Zwolle	100.00	100.00
Elektrotechnische Groothandel Bernard B.V.	Capelle A/D Ijssel	99.13	100.00
Hagemeyer Nederland BV	Capelle A/D Ijssel	99.13	100.00
Cosa Liebermann B.V.	Naarden	99.13	100.00
Haagtechno BV	Hertogenbosch	99.13	100.00
Kompro BV	Hertogenbosch	99.13	100.00
Hagemeyer Electronics Holding	Naarden	99.13	100.00
Servicom	Den Bosch	99.13	100.00
Hagemeyer NV	Naarden	99.13	99.13
Rexel NCE Supply Solutions B.V. (formerly Hagemeyer Global Supply Solutions B.V.)	Naarden	99.13	100.00
Hagemeyer Finance B.V.	Naarden	99.13	100.00
Hagemeyer EFS B.V.	Naarden	99.13	100.00
Hagemeyer Pacific International B.V.	Naarden	99.13	100.00
Advaldis B.V.	Naarden	99.13	100.00
Hagemeyer Vast Goed BV	Naarden	99.13	100.00
HTG Nederland B.V.	Capelle A/D Ijssel	99.13	100.00
Union Holding	Naarden	99.13	100.00
Fodor BV	Naarden	99.13	100.00
Fodor Holding B.V.	Naarden	99.13	100.00
Fodor Nederland B.V.	Naarden	99.13	100.00
Farcos BV	Naarden	99.13	100.00
Mercantil Intercontinental Sweden B.V.	Naarden	99.13	100.00
Borint B.V.	Naarden	99.13	100.00
Borsu International B.V.	Naarden	99.13	100.00
Aecis B.V.	Naarden	99.13	100.00
Freetime Group B.V.	Naarden	99.13	100.00
Computerij Onderwijs B.V.	Naarden	99.13	100.00
S. Van Westerborg	Naarden	99.13	100.00
Rexel NCE BV (formerly Hagemeyer Services B.V.)	Naarden	99.13	100.00
Hagemeyer Copier BV	Naarden	99.13	100.00
Italy			
Rexel Italia SpA	Agrate Brianza	100.00	100.00
Spain			
Rexel Material Electrico SA	Barcelona	100.00	100.00
ABM-Hagemeyer S.L.	Madrid	100.00	100.00
Misa Canarias SA	Tenerife	100.00	100.00

	Registered office	%	
		Interest	Control
Belgium			
Rexel Belgium SA	Brussels	100.00	100.00
Breva Groep N.V.	Zonhoven	99.13	100.00
Breva N.V.	Zonhoven	99.13	100.00
Portugal			
Rexel Distribuição de Material Elecrico SA	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 Industrial Ireland Ltd (formerly Eastern Electrical Ltd)	Dundalk	99.13	100.00
Gen-Weld Safety Equipment Company Limited	Limerick	99.13	100.00
Athlone Electrical Wholesale Limited	Dundalk	99.13	100.00
Portlaoise Electrical Wholesale Limited	Portlaoise	99.13	100.00
Hagemeyer Ireland Ltd.	Dublin	99.13	100.00
Hagemeyer Ireland Investments Limited	Dublin	99.13	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	99.13	100.00
Switzerland			
Finelec Developpement SA	Sion	100.00	100.00
Elektro Material AG	Zurich	100.00	100.00
Luxembourg			
Rexel Luxembourg	Luxembourg	100.00	100.00
Czech Republic			
Rexel CZ s.r.o.	Prostejov	100.00	100.00
Elvo AS	Brno	100.00	100.00
Hagemeyer Czech Republic zro	Hostivice	100.00	100.00
Slovakia			
Hagard Hal AS	Nitra	100.00	100.00
Hagemeyer Slovak Republic	Bratislava	99.13	100.00
Hungary			
Mile Kft	Budapest	100.00	100.00
Rexel Hungary General Supply & Services LLC	Budapest	100.00	100.00
Slovenia			
Elektronabava d.o.o.	Ljubljana	100.00	100.00
Poland			
V-Center Ltd	Katowice	100.00	100.00
Elektroskandia SA	Poznań	99.13	100.00
Russia			
Est-Elec Ltd	Moscow	100.00	100.00
ZAO Elektroskandia	St. Petersburg	99.13	100.00
Latvia			
Elektroskandia SIA	Riga	99.13	100.00
Estonia			
Elektroskandia AS	Tallinn	99.13	100.00

	Registered office	%	
		Interest	Control
Republic of Lithuania			
UAB Elektroskandia	Vilnius	99.13	100.00
Finland			
Elektroskandia Oy	Hyvinkää	99.13	100.00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	99.13	100.00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	99.13	100.00
Norway			
Elektroskandia AS	Oslo	99.13	100.00
Elektroskandia Holding AS	Oslo	99.13	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			
Hagemeyer Elektroskandia Brazil	Sao Paulo	99.13	100.00
NORTH AMERICA			
United States			
Beacon Electric Supply	San Diego	100.00	100.00
Lenorac Incorporated	Wilmington	99.13	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
CES Bahamas Limited	Dallas	99.80	99.80
General Supply & Services Inc.	Shelton	100.00	100.00
GE Supply Logistics LLC	Irving	100.00	100.00
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	99.13	100.00
Caronel Saipan Inc.	Saipan	99.13	100.00
Canada			
Rexel North America Inc	St Laurent	100.00	100.00
Rexel Canada Electrical Inc	St Laurent	100.00	100.00
Rexel Financial Corporation (BVI)	Tortola	100.00	100.00
Kesco Electric Supply Limited	Petersborough	100.00	100.00

	Registered office	%	
		Interest	Control
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	51.00	51.00
Zhejiang Huazhang Electric Trading Co Ltd	Huanzhou	51.00	100.00
Gexpro Supply Co Ltd	Shanghai	100.00	100.00
Rexel China Management consulting Company Ltd	Shanghai	100.00	100.00
Cosa Liebermann Limited	Hong Kong	99.13	100.00
HCL Group (Hong Kong) Ltd.	Hong Kong	99.13	100.00
QI-YI General Supply & Services Macau Ltd	Macau	100.00	100.00
Liebermann Waelchli & Co. Ltd	Hong Kong	99.13	100.00
Korea			
Cosa Liebermann Korea Co. Ltd.	Seoul	99.13	100.00
Indonesia			
P.T. Sutra Hacelindo	Jakarta	99.13	100.00
HCL Limited	Hamilton	99.13	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	99.13	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	99.13	100.00
Singapore			
Gexpro Supply Asia Pty Ltd	Singapore	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 Group Australia Pty Ltd	Sydney	100.00	100.00
Network Connect Australia Pty Ltd	Perth	100.00	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00	100.00
Page Data Pty Ltd	Sydney	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
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

	Registered office	%	
		Interest	Control
Australia (continued)			
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
Kalgoorlie Pty Ltd	Perth	100.00	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	99.13	100.00
Hagemeyer Brands Australia	Kingsgrove	99.13	100.00
New Zealand			
Hagemeyer (NZ) Ltd	Auckland	99.13	100.00
Redeal Ltd	Auckland	100.00	100.00
Redeal Pensions Ltd	Auckland	100.00	100.00

14.1.1.2 Statutory auditors' general report on the consolidated financial statements of Rexel for the financial year ended December 31, 2008

This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English-speaking users. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this information is presented below the opinion on the financial statement. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting 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 captions or on information taken outside the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management's report.

This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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 S.A.

Year ended December 31, 2008

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

Following our appointment as statutory auditors by your annual general meetings and articles of association, we have hereby report to you, for the year ended December 31, 2008 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 executive board. Our role is to express an opinion on these 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, and financial position of the group at December 31, 2008 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the EU.

II. Justification of our assessment

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

As disclosed in note 2.2, the group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (note 2.9.4), intangible assets (note 2.5), employee benefits (note 2.13), share-based payments (note 2.14), provisions (note 2.15) and deferred taxation (note 2.19). We have examined the related available documentation supporting these estimates, and assessed their reasonableness.

Note 2 “Significant accounting policies” discloses the accounting principles and methods applied and note 3 “Business combinations” describes the accounting methods applied in respect of acquisitions carried out in the form of a purchase of assets or of a business. We have verified that the acquisitions have been treated in accordance with IFRS using the purchase method of accounting. The acquisition price has been temporarily allocated by the company to identifiable assets, liabilities and contingent liabilities on the basis of the estimated fair value of the acquired assets and assumed liabilities. We have examined the related available documentation, and have assessed the reasonableness of the estimates used.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verification

We have also verified the information given in the group’s management report as required by French law. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris-La Défense, February 11, 2008

The statutory auditors

KPMG Audit

Hervé Chopin

ERNST & YOUNG Audit

Pierre Bourgeois

Jean Bouquot

14.1.2 Annual financial statements of Rexel

Rexel is a holding company that has no operating activities of its own. For this reason, investors are invited to read the following annual financial statements of Rexel in conjunction with Rexel's consolidated financial statements set forth in paragraph 14.1.1 of this Document de Référence.

14.1.2.1 Annual financial statements of Rexel for the financial year ended December 31, 2008

Income statement

(in millions of euros)	Note	For the year ended December 31,	
		2008	2007
Operating revenues		**2.6**	**–**
Other purchases and outside services		(11.6)	(12.4)
Taxes other than income taxes		(0.1)	(0.3)
Other expenses		(5.5)	(2.3)
Depreciation, amortization and increases in provisions		(0.1)	–
Loss from operations	3.1	**(14.7)**	**(15.0)**
Dividend income		34.7	0.5
Other financial revenues (from short-term investments, loans and exchange gains)		101.1	98.0
Decrease in financial provisions, transfer of expenses		–	–
Total financial revenues		**135.8**	**98.5**
Interest and related expenses and exchange losses		(2.7)	(13.0)
Increase in financial provisions		(2.0)	(1.1)
Total financial expenses		**(4.7)**	**(14.1)**
Net financial income	3.2	**131.1**	**84.4**
Income from ordinary activities		**116.4**	**69.4**
Non-recurring income (expense), net	3.3	**(0.2)**	**0.2**
Profit before tax		**116.2**	**69.6**
Income taxes	3.5	**63.9**	**70.6**
Net income		**180.1**	**140.2**

Balance sheet

(in millions of euros)	Note	For the year ended December 31, 2008	2007
ASSETS			
Intangible fixed assets		**–**	**–**
Tangible fixed assets		**–**	**–**
Land		–	–
Buildings		–	–
Long-term financial assets		**2,879.2**	**2,759.1**
Investments in related companies		1,483.2	1,183.1
Other securities		–	–
Loans and other long-term financial assets		1,396.0	1,576.0
Fixed assets	4.1	**2,879.2**	**2,759.1**
Trade accounts receivable	4.2	2.5	1.5
Other accounts receivable	4.2	214.7	239.0
Short-term investments, cash and bank	4.2	9.5	10.0
Adjustment accounts			
Prepayments		–	–
Deferred charges		1.0	–
Unrealized exchange rate losses		–	–
Current assets		**227.7**	**250.5**
TOTAL ASSETS		**3,106.9**	**3,009.6**

(in millions of euros)	Note	For the year ended December 31,	
		2008	2007
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,280.0	1,280.0
Share premiums		1,409.9	1,409.9
Legal reserve		13.0	6.0
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		–	–
Retained earnings		153.8	115.0
Net income for the period		180.1	140.2
Stockholders' equity	4.3	**3,036.8**	**2,951.1**
Provisions			
Bonds		–	–
Borrowings from financial institutions		–	–
Other financial debt		–	–
Trade accounts payable		1.4	0.6
Other operating liabilities		68.7	57.9
Deferred income		–	–
Unrealized exchange rate gains		–	–
Liabilities	4.4	**70.1**	**58.5**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**3,106.9**	**3,009.6**

Five-year record (as required by articles 133, 135 and 148 of the French Commercial Code)

(in euros)	From January 1 to December 31, 2004	From January 1 to December 31, 2005	From January 1 to December 31, 2006	From January 1 to December 31, 2007	From January 1 to December 31, 2008
SHARE CAPITAL AT YEAR END					
a) Share capital	85,000	630,457,740	630,457,740	1,279,969,135	1,279,969,135
b) Number of issued shares	8,500	63,045,774	63,045,774	255,993,827	255,993,827
c) Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
a) Sales, excluding sales taxes	–	–	–	–	2,604,595
b) Net income before taxes, depreciation and provisions	–	29,412,684	36,297,780	70,685,207	118,400,447
c) Income taxes	–	–	(55,346,349)	(70,633,285)	(63,936,902)
d) Net income	–	29,412,684	91,644,129	140,202,897	180,143,870
e) Earnings distributed [1]	–	–	–	94,717,716	–
EARNINGS PER SHARE					
a) Earnings per share after taxes but before depreciation and provisions	–	0.47	1.45	0.55	0.71
b) Earnings per share after taxes, depreciation and provisions	–	0.47	1.45	0.55	0.70
c) Dividend paid per share	–	–	–	0.37	–
PERSONNEL					
a) Number of employees	–	–	–	–	–
b) Total remuneration	–	–	–	–	–
c) Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposal to the May 20, 2009 shareholders' meeting.

Principal subsidiaries and other investments

December 31, 2008 (in millions of euros)											
Corporate name	Registered office	Capital	Reserves and retained earnings (excluding current year results)	Percentage share capital held	Carrying of value shareholding		Outstanding loans	Guarantees granted by Rexel S.A.	Current year results	Dividends received	Sale
					Cost	NBV					
A/ FRENCH SUBSIDIARIES											
REXEL Développement SAS	Paris	1,010.3	134.3	100.00%	1,474.9	1,474.9	1,396.0	(1)	(17.8)	0.2	43.3
REXEL Distribution	Paris	83.7	1,136.0	0.0023%	8.3	8.3	143.9	(1)	(115.7)	34.5	3.4
		1,094.0	**1,270.3**		**1,483.2**	**1,483.2**	**1,539.9**		**(133.5)**	**34.7**	**46.7**
B/ FOREIGN SUBSIDIARIES											
TOTAL		**1,094.0**	**1,270.3**		**1,483.2**	**1,483.2**	**1,539.9**		**(133.5)**	**34.7**	**46.7**

(1) Within the context of the New Credit Senior Agreement, Rexel and Rexel Distribution guarantee, on a joint basis, all of the obligations of their respective subsidiaries.

Notes

1. DESCRIPTION OF BUSINESS

Rexel was incorporated in December 2004. Its business is the management of its investments which comprise primarily Rexel Développement SAS and Rexel Distribution shares and the financing of its subsidiaries.

2. ACCOUNTING PRINCIPLES

The financial statements for the year ended December 31, 2008 are presented with comparative amounts for the year ended December 31, 2007 and have been prepared in accordance with French law and with accounting principles generally accepted in France.

The accounting principles set out below have been applied in a prudent manner, and in conformity with the following basic concepts:

– going concern,

– consistency,

– cut-off.

Significant accounting principles used are as follows:

2.1 Long-term financial assets

Long-term investments are initially measured at acquisition cost. A valuation allowance is recorded when cost exceeds their value, defined as value in use. Rexel determines the value in use of long-term investments in subsidiaries on the basis of forecast future cash flows less net debt. When the carrying amount exceeds value in use, an impairment write-down is made in an amount equal to the difference.

2.2 Receivables and payables

Receivables and payables are recorded at historical cost. When considered necessary, receivables are subject to an allowance to cover the risk of non-recovery.

2.3 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses.

2.4 Bonds

Bond issue costs are amortized over the life of bonds.

2.5 Essential events of the period

1/ Hagemeyer acquisition

Following the tender offer on Hagemeyer's shares and bonds ended on March 25, 2008 and initiated in accordance with the agreement entered into on November 22, 2007 between Rexel, Kelium (the offeror and an indirect subsidiary of Rexel), Sonepar and Hagemeyer, Rexel, acquired control of Hagemeyer NV, a Netherland based company operating as a worldwide distributor of electrical supplies. This offer was for all of the outstanding shares of Hagemeyer, with a par value of €1.20 each, at a price of €4.85 per share (with coupon) and all of the subordinated convertible bonds issued and outstanding bearing interest at a fixed rate 3.50% and maturing in 2012. Following the offer period witch ended on March 25, 2008, Rexel, through Kelium, holds, as of December 31, 2008, 585,045,822 of Hagemeyer's outstanding shares, or 99.13% of the ordinary shares of Hagemeyer and 100% of the convertible bonds issued by Hagemeyer, *i.e.,* 133,965 bonds.

2/ Financing of the Offer on Hagemeyer

Within the context of financing the tender offer on Hagemeyer's shares, Rexel, as borrower and guarantor, and Kelium, as borrower, entered into a €5.4 billion credit agreement on December 19, 2007 with Calyon, Crédit Industriel et Commercial (CIC), HSBC France, HSBC Bank plc, ING Bank NV, Natixis and The Royal Bank of Scotland Plc. This Senior Credit Agreement was entered into to finance Hagemeyer acquisition and to refinance the entirety of the existing debt of Rexel and Hagemeyer.

3. NOTES TO THE INCOME STATEMENT

3.1 Operating revenues and expenses

Operating income amounts to €2.6 million and relates principally to services provided to subsidiaries.

Operating expenses amount to €17.3 million and mainly comprise the fees, and others expenses for €8.8 million, bank charges for €3.2 million and personnel costs for €5.3 million.

3.2 Net financial income

Net financial income corresponds to a net proceed of €131.1 million, comprising the following:

– Financial income representing dividends received from subsidiaries for an amount of €34.7 million and interest on loans to its subsidiaries Rexel Développement for an amount of €66.6 million and Rexel Distribution, for an amount of €34.4 million.

– Financial expenses representing the write-down of Rexel treasury shares in an amount of €2 million and the result of sales for €2.7 million, these shares having been acquired in accordance with the share repurchase programme (see § 4.2).

3.3 Non-recurring income and expenses

The non-recurring expenses amount to €0.2 million, representing principally the tax consolidation loss for the year 2007.

3.4 Compensation of company officers

Board attendance fees paid to company officers during 2008 amount to €0.3 million.

Compensation paid to officers company in 2008, amounts to €3.2 million.

3.5 Income taxes

Under the group tax consolidation agreement, Rexel is liable for the payment of all tax due by the tax group. Each subsidiary records its individual tax charge calculated on its own taxable income, and any tax benefits arising are recognized by Rexel as the head of the tax Group. Rexel has recognized an income of €63.9 million for 2008. The tax losses carried forward by the tax consolidation Group amount to €275.1 million as of December 31, 2008.

4. NOTES TO THE BALANCE SHEET

4.1 Changes in fixed assets

(in millions of euros)	Cost or valuation, January 1, 2008	Increase	Decrease	Cost or valuation, December 31, 2008
Intangible fixed assets	–	–	–	–
Tangible fixed assets	–	–	–	–
Long-term financial assets:				
– Investments in related companies	1,183.1	300.1	–	1,483.2
– Loans and other long-term financial assets	1,576.0	550.0	(730.0)	1,396.0
Sub-total	2,759.1	850.1	(730.0)	2,879.2
TOTAL	**2,759.1**	**850.1**	**(730.0)**	**2,879.2**

Long-term financial assets

Investments in related companies

The increase concerns investments in the following related companies:

- Increase share capital of Rexel Développement for €300 million.
- Purchase of Rexel Distribution's shares for €0.1 million.

Loans

Rexel granted on June 25, 2007, a loan to its subsidiary Rexel Développement for €1,346.0 million. This loan bears interests at EURIBOR plus 140 BPS and is repayable on or before April 16, 2012.

During 2008, the receivables for €300 million have been incorporated into the capital of Rexel Développement and the existing loan was increased by the additional €350 million bringing it to €1,396 million on December 31, 2008.

Rexel granted on May 14, 2007, to Rexel Distribution a loan of an initial amount of €230 million, repayable on or before April 16, 2012 and bearing interests at EURIBOR one month plus 140 BPS.

On February 1, 2008, the existing loan was increased by €200 million. The balance of €430 million was refunded on December 19, 2008.

4.2 Other information relating to assets

Current assets

(in millions of euros)	Total December 31, 2008	Due within one year	Due between 1 and 5 years	Due after more than 5 years
Trade accounts receivable	4.0	4.0	–	–
Current accounts receivable	149.3	149.3	–	–
Income tax receivable	63.9	63.9	–	–
TOTAL	**217.2**	**217.2**	**–**	**–**

Short-term investments, cash and bank

In the frame of share repurchase programme, in April 26, 2007 Rexel entered into a contract with the Rothschild Bank to promote the liquidity of Rexel shares for a total amount of €11 million. As of December 31, 2008, 1,215,015 shares were held and allocated to price stabilization of stock exchange value, amount to €8.9 million. A provision for depreciation of €3.1 million has been recorded. The balance of this contract consists of €3.7 million cash.

4.3 Stockholders' equity

(in millions of euros)	January 1, 2008	Dividends	Other changes	Increase in share capital	2008 net income	December 31, 2008
Share capital	1,280.0	–	–	–	–	1,280.0
Share premiums	1,409.9	–	–	–	–	1,409.9
Legal reserve	6.0	–	7.0	–	–	13.0
Retained earnings	115.0	–	38.8	–	–	153.8
Net income for the year	140.2	(94.4)	(45.8)	–	180.1	180.1
TOTAL	**2,951.1**	**(94.4)**	**0.0**	**–**	**180.1**	**3,036.8**

Changes in equity during 2008 concern:

1/ The appropriation of the net profit for 2007 in accordance with the resolution of the general meeting held on May 20, 2008. This general meeting decided a distribution for a total amount of €94.4 million and to record €7.0 million to the legal reserve and €38.8 million to the retained earnings.

2/ The net profit for the year 2008 amounts to €180.1 million.

At the end of December 2008 the company's share capital amounts to €1,279,969,135 represented by 255,993,827 shares each with a par value of €5.

4.4 Other information relating to liabilities

(in millions of euros)	Total December 31, 2008	Due within one year	Due between 1 and 5 years	Due after more than 5 years
Borrowings from financial institutions	–	–	–	–
Other financial debt	–	–	–	–
Trade accounts payable	1.4	1.4	–	–
Other operating liabilities	68.7	68.7	–	–
TOTAL	**70.1**	**70.1**	**–**	**–**

2008 Credit Agreement

The New Senior Credit Agreement includes:

- Facility A, which is a multi-currency partly redeemable credit facility with a five-year term as from the execution date of the New Senior Credit Agreement, in an amount of €3.1 billion. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been repaid for an amount of €783.0 million. This facility was reduced by €60 million, following the implementation of Facility A', which has the same characteristics as Facility A.
- Facility B, which is a multi-currency revolving credit facility with a five-year term, in an original maximum amount of €600 million. In August 2008, the maximum amount of Facility B was reduced by €15 million to €585 million. Rexel has a credit facility for €50.0 million. At the end of December 2008, Rexel didn't use it.
- Facility C, which is a multi-currency credit facility with a six-month term as from the settlement and delivery date of the Offer. Facility C was fully repaid in June 19, 2008 with the proceeds from the sale of asset sales to Sonepar.
- Facility D, which is a multi-currency credit facility with a two-year term and will mature on March 14, 2010, with a maximum amount of €500 million. On December 29, 2008, the Group cancelled €6.1 million of available undrawn credit on this facility. Following disposals to Sonepar of non-retained Hagemeyer entities, this facility has been partly repaid for an amount of €130 million and for an amount of €277.6 million with the proceeds from the new Group securitization program. At the end of December 2008, the balance amounted to €86.3 million.

4.5 Amounts due to and from related parties

As of December 31, 2008, balances with related parties were as follows:

(in millions of euros)			
Assets		**Liabilities**	
Investments in related companies	1,483.2	Other financial debt	–
Loans and other long-term financial assets	1,396.0	Trade accounts payable	–
Trade accounts receivable	2.5	Other liabilities	–
Other accounts receivable	150.6		

5. ADDITIONAL INFORMATION

5.1 Commitments

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

The New Senior Credit Agreement allows partial or total acceleration of repayment upon the occurrence of certain events, including in the case of a payment default under the New Senior Credit Agreement, failure to comply with the Indebtedness, payment defaults or acceleration of other financial debt of certain Group entities.

Rexel and Rexel Distribution guarantee, on a joint basis, all of the obligations of their respective subsidiaries.

5.2 Employees

The employees of the company only comprise four corporate officers.

5.3 Information on stock options and free share plans

The extraordinary general meeting held on October 28, 2005 approved the implementation of a stock option plan, by authorizing the president to grant options to certain company officers and employees of Rexel Group companies in France or abroad, to a maximum of 2,882,000 “Cercle 2” options and 289,300 “Cercle 3” options, exercise terms of the options are governed by the provisions of articles L.225-177 and following of the French Commercial Code.

Plan N°1 – Cercle 2:

Date of shareholders decision:	October 28, 2005		
Maximum number of options granted from the start:	2,882,000		
	1st attribution	**2nd attribution**	**3rd attribution**
Date of granting:	October 28, 2005	May 31, 2006	October 4, 2006
Number of options granted:	2,775,120	169,236	164,460
Number of beneficiaries from the start:	47	5	7
Type of plan:	Subscription	Subscription	Subscription
Exercise Price:	€10 / option	€13 / option	€19 / option
Unavailability Period:	From Oct. 28, 2005 to Oct. 28, 2009 included	From May 31, 2006 to May 31, 2010 included	From Oct. 04, 2006 to Oct. 4, 2010 included
Expiration date:	October 28, 2016	October 28, 2016	October 28, 2016
Follow up of the plan:			
Number of options to be exercised as of December 31, 2005:	2,711,000		
Options cancelled or reallocated:	162,696		
Number of options to be exercised as of December 31, 2006:	2,548,304	169,236	164,460
Number of beneficiaries as of December 31, 2006:	44	5	7
Number of options to be exercised as of December 31, 2007 (after division by 2):	1,231,002	140,944	267,452
Number of options to be exercised as of December 31, 2008:	1,231,002	140,944	267,452

Plan N°2 - Cercle 3:

Date of shareholders decision:	October 28, 2005	
Maximum number of options granted from the start:	289,300	
	1st attribution	**2nd attribution**
Date of granting:	November 30, 2005	May 31, 2006
Number of options granted:	265,700	35,550
Number of beneficiaries from the start:	205	35
Type of plan:	Subscription	Subscription
Exercise Price:	€10 / option	€13 / option
Unavailability Period:	From Nov. 30, 2005 to Nov. 30, 2009 included	From May 31, 2006 to May 31, 2010 included
Expiration date of options:	November 30, 2016	November 30, 2016
Follow up of the plan:		
Number of options to be exercised as of December 31, 2005:	259,050	
Options cancelled or reallocated:	17,111	
Number of options to be exercised as of December 31, 2006:	241,939	34,550
Number of beneficiaries as at December 31, 2006:	197	34
Number of options cancelled as from January 1, 2007:	4,711	562
Number of options to be exercised as of December 31, 2007 (after division by 2):	474,456	67,976
Number of options cancelled as from January 1, 2008:	1,500	2,000
Number of options to be exercised as of December 31, 2008:	472,956	65,976

Concurrently with the IPO, Rexel entered into several free share plans for its top executives, and key employees amounting to a total of 5,022,190 shares on April 11, 2007. According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (April 12, 2009), these being restricted during an additional two years period (April 12, 2011), or four years after granting date with no restrictions.

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

The vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Number of shares on December 31, 2008
Top executives and managers	One year service condition from the implementation of the plan	2,556,576
Top executives and managers	Performance conditions based on the consolidated 2007 EBITDA and one year service condition from the implementation of the plan	1,104,801
Key employees	Half of the shares will be attributed based on 2007 EBITDA and a one year service condition from the implementation of the plan, and the other half based on 2008 EBITDA and a two year service condition from the implementation	1,101,662
As of December 31, 2008		**4,763,039**

On October 29, 2007, Rexel entered into a second free share plan for key employees which has the same characteristics as the plan dated April 11, 2007.

Beneficiaries	Vesting conditions	Number of shares on December 31, 2008
Key employees	Half of the shares will be attributed based on 2007 EBITDA and a one year service condition from the implementation of the plan, and the other half based on 2008 EBITDA and a two year service condition from the implementation	33,991
As of December 31, 2008		**33,991**

On June 23, 2008, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,541,720 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010), these being restricted during an additional two year period (June 24, 2012), or four years after the granting date with no restrictions subsequently. The issuance of these free shares is subject to the service and performance conditions of the schemes.

Beneficiaries	Vesting conditions	Number of shares on December 31, 2008
Members of Group Executive Committee	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, 3/ the 2009 ratio Net Debt to EBITDA, and a two year service condition from the implementation	459,131
Other key managers	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, and a two year service condition from the implementation	1,050,523
As of December 31, 2008		**1,509,654**

The unit value used as the basis of social contribution of 10% amounts to €8.92.

On October 1, 2008, Rexel entered into a second free share plan for its top executives, and key employees to a maximum of 66,241 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (October 2, 2010), these being restricted during an additional two year period (October 2, 2012), or four years after the granting date with no restrictions subsequently.

Beneficiaries	Vesting conditions	Number of shares on December 31, 2008
Members of Group Executive Committee	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, 3/ the 2009 ratio Net Debt to EBITDA, and a two year service condition from the implementation	28,436
Others key managers	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, and a two year service condition from the implementation	34,952
As of December 31, 2008		**63,388**

5.4 Auditors' fees

The Auditors' fees amount to €1.5 million for 2008 compared with €1.2 million in 2007.

5.5 Other information

Rexel is consolidated in the scope of Ray Investment S.à.r.l.'s financial statements.

5.6 Subsequent events as of December 31, 2008

There were no significant subsequent events as of this date.

14.1.2.2 Statutory auditors' general report on the annual financial statements of Rexel for the financial year ended December 31, 2008

This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the annual financial statements. This report also includes information relating to the specific verification of information in the management report.

This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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, S.A.

For the year ended December 31, 2008

Statutory Auditors' Report on the annual financial statements
(Free translation of a French language original)

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying annual financial statements of Rexel,
- the justification of our assessments,
- the specific verifications and information required by law.

These annual financial statements have been approved by the executive board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual 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 annual financial statements are free of material misstatement. An audit includes verifying, on a test basis, or other methods of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company at December 31, 2008 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

Accounting estimates related to the preparation of the financial statements at December 31, 2008 have been performed in a specific context where economic perspectives are hardly predictable. In that context, and in accordance with the requirements of article L.823-9 of the French company law *(Code de commerce)* relating to the

justification of our assessments, we bring to your attention the following matters:

As disclosed in note 2.1, the utility value valuation of financial investments is based on net cash-flows of subsidiaries' indebtedness.

Within the framework of the justification of our assessments, we reviewed the assumptions of budgeted cash-flows on which these assumptions were based, and their computation. We made sure of the reasonableness of these estimates.

The assessments were thus made in the context of the performance of our audit of the annual financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by law. We have no matters to report regarding the following:

- the fair presentation and the conformity with the annual financial statements of the information given in the executives' report and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements;
- the fair presentation of the information given in the executives' report in respect of remunerations and benefits granted to the relevant directors and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in current function.

Paris-La Défense, February 11, 2009

The statutory auditors

KPMG Audit

Hervé Chopin

ERNST & YOUNG Audit

Pierre Bourgeois

Jean Bouquot

14.2 PRO FORMA FINANCIAL INFORMATION

14.2.1 Pro forma financial information for the financial year ended December 31, 2008

The pro forma financial information for the year ended December 31, 2008 was prepared in order to reflect the impact of (i) the completion of the Hagemeyer Transaction (as such term is defined in paragraph 2.2 of this *Document de Référence*), and (ii) the sale of the business of distribution of electrical products of Hagemeyer in Ireland (the **"Operations"**), as if they had occurred as of January 1, 2008.

The pro forma financial information includes a consolidated pro forma income statement for the financial year ended December 31, 2008 as well as a breakdown of certain items per geographic zone.

The pro forma financial information is provided only for purposes of illustration and was prepared using the methodologies and restatements described below. Because of its nature, the pro forma financial information deals with a hypothetical situation and therefore does not represent the actual financial condition or results of the Rexel Group as they would have been if the Operations had effectively occurred on January 1, 2008. The pro forma financial information does not constitute a forecast of trends in the financial condition or results of Rexel in future years.

The pro forma financial information should be read in conjunction with the information contained in this *Document de Référence,* and in particular, Chapter 6 "Operating and Financial Review" and Chapter 7 "Liquidity and Capital Resources of the Rexel Group", and with the audited financial statements of Rexel, which appear in Chapter 14 of this *Document de Référence.*

14.2.1.1 Assumptions and methods applied to prepare the pro forma consolidated financial information

The pro forma consolidated financial information for the year ended December 31, 2008 was prepared on the basis of the Rexel Group's audited consolidated financial statements, which appear in paragraph 14.1.1 of this *Document de Référence,* with the following adjustments:

- inclusion of the results of the Retained Entities as part of the Hagemeyer Transaction. All of these transactions were considered as having been carried out as of January 1, 2008, based on the repurchase of the entirety of the outstanding shares and convertible bonds outstanding for the Offer;
- inclusion of the additional amortization charge for the first quarter of 2008 on the identified intangible and tangible assets valued at their fair market value within the context of the contemplated allocation of the acquisition price of the assets;

– inclusion of the theoretical interest charges applicable to the financing of the acquisitions, as if the disbursements had taken place on January 1, 2008, applying the applicable interest rates over the relevant periods and based on the terms and conditions of the Senior Credit Agreement, described in paragraph 7.2.1 of this *Document de Référence;*

– inclusion of the impact of these adjustments on the tax charge, on the basis of the applicable tax rates and the estimated taxable results in each country.

14.2.1.2 Pro forma consolidated income statement

Reconciliation of Rexel's published consolidated income statement with the pro forma consolidated income statement for the financial year ended December 31, 2008

(in millions of euros)	Rexel (Audited) (A)	Hagemeyer and Assets Swaps (B)	Other adjustments relating to the Operations (C)	Pro forma (D)
Sales	**12,861.6**	**873.4**	**–**	**13,735.0**
Cost of sales	(9,799.3)	(673.2)	–	(10,472.5)
Gross Margin	**3,062.3**	**200.2**	**–**	**3,262.5**
Distribution and administrative expenses	(2,432.3)	(188.8)	(3.0)	(2,624.1)
Operating income before other income and expenses (EBITA)	**630.0**	**11.4**	**(3.0)**	**638.4**
Other income and expenses	(76.6)	(13.8)	–	(90.4)
Operating income	**553.4**	**(2.4)**	**(3.0)**	**548.0**
Financial expenses (net)	(210.2)	(0.5)	(11.1)	(221.8)
Net income before income tax	**343.2**	**(2.9)**	**(14.1)**	**326.2**
Income tax	(111.7)	8.2	(2.6)	(106.1)
Net income	**231.5**	**5.3**	**(16.7)**	**220.1**
Of which depreciation	(102.5)	(8.3)	(3.0)	(113.8)

In the table above:

– column (A) represents the consolidated audited financial statements of Rexel for the financial year ended December 31, 2008 (see paragraph 14.1.1 of this *Document de Référence*);

– column (B) represents the results of the Retained Entities during the first quarter of 2008, the results of the activities in Sweden acquired as part of the Assets Swaps during the first half of 2008, decreased by the results of the activities in Germany that were transferred as part of the Assets Swaps during the first quarter of 2008;

– column (C) represents the impact of the adjustments described below in sub-paragraph b), c) and d); and

– column (D) represents the sum of columns (A) to (C).

The following table sets forth the breakdown by geographical zone, of sales, operating income before other income and expenses (EBITA), and pro forma Adjusted operating income before other income and expenses (EBITA). Adjusted EBITA means EBITA before amortization of intangible assets resulting from the contemplated allocation of the acquisition price of Hagemeyer, excluding the estimated non-recurring net impact from changes in copper-based cable prices.

2008 (in millions of euros)	Europe	North America	Asia-Pacific	Other Operations	Total pro forma
Sales	**7,941.1**	**4,404.8**	**881.9**	**507.2**	**13,735.0**
EBITA	361.8	211.0	60.1	5.5	638.4
Adjusted EBITA	**424.2**	**223.1**	**59.7**	**5.6**	**712.6**

Main pro forma restatements

a) Inclusion of the results of the Retained Entities and the Assets Swaps (column (B) of the pro forma consolidated income statement)

The Retained Entities have been consolidated as from April 1, 2008. This column includes, therefore, the income statement of these activities for the first quarter of 2008. The activities in Sweden that were acquired as part of the Assets Swaps have been consolidated as from July 1, 2008. This column includes, therefore, the income statement of these activities for the first half of 2008.

These income statement items were prepared in accordance with IFRS and the accounting principles applied by the Rexel Group. Notably, restatements have been made to homogenize the presentation with that applied by the Rexel Group, in particular to present the interest paid and expected yield from the hedging assets relating to the personnel advantages in the net financing costs.

The activities in Germany that were transferred as part of the Assets Swaps were deconsolidated as from April 1, 2008. This column includes, therefore, the elimination of the income statement for these activities for the first quarter of 2008.

b) Inclusion of the additional amortization relating to the allocation of the acquisition price of the assets acquired as part of the Operations for the first quarter of 2008 (column (C) of the pro forma consolidated income statement)

The revaluations of assets acquired as part of the Operations, as well as the intangible assets recognized at this time, resulted in an additional amortization charge of €3 million, based on the contemplated allocation of the acquisition price of these assets.

c) Inclusion of the net interest expense related to the Operations for the first quarter (column (D) of the pro forma consolidated income statement)

The 2008 interest expense, taking into account the additional indebtedness relating to the Operations and based on the financing conditions of the Rexel Group following the completion of the Operations, amounted to €221.8.

d) Inclusion of the impact of these adjustments on the income tax (column (D) of the consolidated pro forma income statement)

The impact of these adjustments on the income tax has been determined based on the applicable tax rate in each country.

14.2.2 Statutory auditors' report on the pro forma financial statements of Rexel for the financial year ended December 31, 2008

This is a free translation into English of the Statutory Auditors' report on the pro forma financial information issued in the French language and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
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S.A. au capital de 5 947 000 euros

Commissaire aux Comptes
Membre de la compagnie
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel S.A.

Registered office:
189-193, boulevard Malesherbes – 75017 Paris

Share capital:
€1,279,969,135

Statutory Auditor's report on pro forma financial information

Financial year ended December 31, 2008

To the President of the Management Board,

In our capacity as statutory auditors and in application of regulation (CE) n° 809/2004, we have prepared this report on the pro forma financial information of Rexel S.A. relating to the year ended December 31, 2008, as included in section 14.2.1 of its reference document for the year ended December 31, 2008.

This pro forma financial information was prepared with the sole objective of presenting the effect that the transactions, as defined and described in section 14.2.1 of this reference document, could have had on the consolidated income statement of Rexel S.A. had these transactions taken place on January 1, 2007. By its very nature, pro forma financial information presents a hypothetical situation which is not necessarily representative of what the financial position or performance would have been had the transactions

taken place at a date prior to those at which they actually occurred.

This pro forma financial information was prepared under your responsibility, in application of the provisions of regulation (CE) n° 809/2004 (and the recommendations of the CESR) concerning pro forma financial information.

It is our responsibility to express our opinion, on the basis of our procedures, and in the terms required under point 7 of appendix II of regulation (CE) n° 809/2004 as to the satisfactory preparation of the pro forma financial information.

We performed our work in accordance with relevant professional guidelines of the French Institute of Statutory Auditors. Our work, which did not include an examination of the financial information underlying the preparation of the pro forma financial information; our principal procedures were (i) the verification that the bases on which the pro forma financial information was prepared agreed with the source documents, as disclosed in the footnotes to the pro forma financial information, assumptions made and methods applied; (ii) an examination of evidence supporting the pro forma restatements and (iii) enquiries of the management of Rexel S.A., in order to obtain information and explanations that we considered necessary.

In our opinion:

– The pro forma financial information has been satisfactorily prepared on the basis disclosed;

– This basis is consistent with the accounting policies adopted by the company.

This report is issued only for the purposes of the registration of the reference document with the AMF, and if required, of a public offering in France and other European Union countries in which a prospectus comprising the reference document registered with the AMF would be published, and may not be used for any other purpose.

Paris-La Défense, February 11, 2009

The Statutory Auditors

KPMG Audit
Division of KPMG S.A.

Hervé Chopin
Partner

ERNST & YOUNG Audit

Pierre Bourgeois
Partner

Jean Bouquot
Partner

14.3 FEES PAID TO STATUTORY AUDITORS

The table below sets forth the fees paid to Ernst & Young Audit and KPMG Audit for services performed during 2008, 2007 and 2006:

	KPMG Audit				Ernst & Young Audit			
	Amount		%		Amount		%	
(in millions of euros)	2008	2007	2008	2007	2008	2007	2008	2007
Audit Services								
Auditor fees and fees for other Audit work (1)								
Issuer	0.6	0.5	14.3%	13.0%	0.6	0.5	9.2%	11.6%
Consolidated Entities	2.9	1.9	69.8%	50.0%	3.3	2.1	50.6%	48.9%
Sub-total (1)	**3.5**	**2.4**	**84.1%**	**62.9%**	**3.9**	**2.6**	**59.8%**	**60.5%**
Fees for Audit related work (2)								
Issuer	–	0.9	–	23.2%	–	0.8	0.1%	20.0%
Consolidated Entities	0.5	0.5	12.2%	13.2%	2.6	0.6	39.5%	15.3%
Sub-total (2)	**0.5**	**1.4**	**12.2%**	**36.3%**	**2.6**	**1.4**	**39.7%**	**35.3%**
Sub-total	**4.0**	**3.8**	**96.3%**	**99.3%**	**6.5**	**4.0**	**99.4%**	**95.8%**
Other services non Audit related (3)								
Tax	0.2	–	3.7%	0.7%	–	0.2	0.3%	4.2%
Other	–	–	–	–	–	–	0.3%	–
Sub-total (3)	**0.2**	**–**	**3.7%**	**0.7%**	**–**	**0.2**	**0.6%**	**4.2%**
TOTAL	**4.2**	**3.8**	**100%**	**100%**	**6.5**	**4.2**	**100%**	**100%**

14.4 AUDIT OF THE HISTORICAL FINANCIAL INFORMATION

Financial information for the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006 were audited by Rexel's statutory auditors.

Statutory auditors' reports on Rexel's consolidated and annual financial statements for the financial year ended December 31, 2008 are included in paragraphs 14.1.1.2 and 14.1.2.2 of this *Document de Référence.*

The reports of the statutory auditors of Rexel in relation to the consolidated and annual financial statements of Rexel for the financial year ended December 31, 2007 are set out in the *Document de Référence* that was granted visa number R.08-046 on April 30, 2008 by the French *Autorité des marchés financiers,* and are incorporated by reference in this *Document de Référence.*

The report of the statutory auditors of Rexel on the consolidated financial statements for the financial year ended December 31, 2006 is included in the prospectus that was granted visa number 07-093 on March 20, 2007, by the French *Autorité des marchés financiers,* and is incorporated by reference in this *Document de Référence.*

14.5 DIVIDEND POLICY

Rexel has distributed the following dividends during the last three financial years:

Year	Total dividend	Dividend per share
2006	–	–
2007	€94,717,715.99	€0.37
2008	–*	–*

* Amount to be submitted to the approval of the shareholders' meeting of May 20, 2009.

After the prior authorization of the Supervisory Board, the Management Board may propose a dividend distribution to the general shareholders' meeting.

Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

14.6 LEGAL PROCEEDINGS AND ARBITRATION

The Rexel Group may be subject to legal, administrative or regulatory proceedings in the normal course of its business. When there is a sufficient probability that litigation will result in costs to Rexel or to one of its subsidiaries, the Rexel Group establishes a provision for it in its accounts.

14.6.1 Tax litigation

As at the date of this *Document de Référence,* to the knowledge of the Rexel Group, the principal tax proceedings involving the Rexel Group companies are described below.

Rexel Développement manages certain of the tax proceedings mentioned below pursuant to the liability warranty granted by the PPR group in the scope of the transfer agreements of Rexel Distribution entered into in 2005 between the investment consortium holding interests in Rexel and the PPR group. This indemnity is capped at €50 million. In accordance with this indemnity, tax audit notices and proposed responses to the tax authorities are transmitted to the PPR group for its information and, where applicable, its prior approval.

Rexel Développement and the PPR group signed an additional agreement on October 12, 2006, aiming at specifying that the liability warranty applies to the litigations referred to below involving Rexel Distribution and Rexel Développment. As at 2008 year-end, the PPR Group had paid a total amount of €5.0 million in relation to settled claims in the scope of this warranty.

14.6.1.1 Litigation covered by the liability warranty granted by the PPR group

Rexel Distribution

Additional tax in the amount of €3.5 million had been subject to a collection notice, further to a tax audit in relation to the 2002 to 2004 financial years, out of which the company had accepted €0.2 million.

The €3.3 million balance relates to a provision that was established in 2002 with respect to 524,000 treasury shares in order to take into account the drop in the share price at that time. Rexel Distribution cancelled the net book value of these shares without eliminating the related provision. The tax authorities have objected to the tax treatment of this provision. Rexel Distribution has filed a proceeding before the French administrative court.

Rexel Développement SARL (merged with Rexel Développement on January 1, 2008)

Rexel Développement SARL was the subject of a tax reassessment following an accounting audit relating to the 2002 through 2004 fiscal years. This reassessment mainly relates to services provided to Rexel Distribution and certain other Group subsidiaries for insufficient remuneration. Rexel Développement SARL entered into a settlement with the tax authorities for approximately €3.3 million on December 4, 2006. This amount was reduced to €3.2 million on February 13, 2007. Despite this settlement, Rexel Développement SARL was subject to an additional €1.8 tax reassessment, which has been challenged by Rexel Développement SARL. Without answering, the tax authorities requested payment of this amount based on the allegation that the company had not complied with its payment obligations under the general settlement, which was challenged by the company.

Rexel, Inc. Group (United States)

In 2007, the Group was subject to tax reassessments concerning sales taxes for the 2001 to 2005 financial years and resulting in $23 million in additional tax payments. These disputes were settled in 2008 for a tax amount of $0.9 million.

SRP Sud-Est

SRP Sud-Est, a company that was absorbed by Rexel France S.A.S. in April 2006, was subject to a tax reassessment following an accounting audit relating to the 2002 through 2004 fiscal years. This reassessment principally relates to provisions established for restructuring and charges relating to prior financial years. The company appealed this €0.8 million tax reassessment and has brought a claim

before the administrative court. At the date of this *Document de Référence,* the administration and the company are close to a settlement resulting in a minimal tax burden.

Rexel Deutschland Elektrofachgrosshandel GmbH (Germany)

Rexel Deutschland Elektrofachgrosshandel GmbH was the subject of a tax reassessment relating to the 1997 to 2001 financial years. The treatment of a sale and leaseback transaction with respect to value added tax (€0.8 million) is still under discussion with the tax authorities. In addition, the outcome of the tax audit in relation to the 2002 to 2006 financial years is expected shortly. The company was transferred to Sonepar Deutschland in 2008. The transfer agreement includes a liability warranty.

14.6.1.2 Litigation not covered by the liability warranty granted by the PPR group

Svenska Elgrossist AB Selga (Sweden)

The tax authorities denied the deductibility of services (€1.1 million) invoiced by Rexel Development in 2005. The company brought a claim before the relevant court.

Rexel Développement

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

In December 2008, the tax authorities notified a proposed rectification arguing that services invoiced in 2005, in the context of the acquisition of Rexel Distribution, for an amount of €33.6 million, by Clayton Distribution & Rice Inc., Eurazeo and Merrill Lynch Global Partner Inc., have not been entered into in the best interest of the Company. This proposal results in an amount of €22 million in taxes approximately, including €11.6 million of company tax, €6.6 million in VAT, €1 million in withholding tax and €3 million approximately for late payment penalties and interest. The company challenges the allegations of the tax authorities.

Rexel Distribution

In 2008, the company was subject to a tax audit for the financial years 2005 and 2006. In December, the tax authorities notified a proposed rectification arguing that the price of Rexel Inc. (United States), transferred in 2005 by Rexel Distribution to its Luxembourg subsidiary Mexel, was priced €346 million below its market price. This would result in a €119 million tax liability plus late payment interest. This allegation seems totally groundless to the company, which, consequently, challenges it.

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium received assessments for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of these assessments, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2007 amounts to €52.1 million. All assessments are being contested by Manudax Belgium.

The time allowed for appeal in respect of Manudax's shareholder has been exceeded. Thus, the disputed amounts are those available within Manudax, currently under liquidation. Therefore the Rexel Group believes that the outcome of this dispute should not have any impact on the financial statements of the Rexel Group.

14.6.2 Asbestos litigation

The Rexel Group is party to several asbestos-related proceedings. The principal proceedings are set out below. Although the Rexel Group believes that its exposure to having to pay significant amounts in connection with these proceedings is limited and that these lawsuits cannot have, individually or in the aggregate, a material adverse effect on its financial condition or results of operations, the Rexel Group cannot give any assurances to this effect, nor can it predict with certainty what the outcome of these lawsuits will be. The amounts Rexel North America Inc. and Rexel, Inc. may pay, as the case may be, are difficult to quantify.

Rexel North America, Inc. (Canada)

In September 2000, Rexel North America, Inc., the Rexel Group's Canadian subsidiary, acquired Westburne, Inc., a company operating primarily in Canada and the United States. In 2001, Rexel North America, Inc. sold the non-core portion of the Westburne, Inc. group's business to a third party. The assets related to the business of distribution of electrical products in the United States held by Westburne Supply, Inc., the U.S. subsidiary of Westburne, Inc., as well as the shares of certain subsidiaries of Westburne, Inc., at the time, were transferred to Rexel, Inc. as well as to certain of its subsidiaries.

In the context of the disposal of the non-electrical businesses of Westburne, Inc., Rexel North America, Inc. (Canada) provided the purchaser with an indemnity relating to product liability. This indemnity may be triggered with respect to claims and proceedings relating to products sold prior to the date of the disposal of the non-core activities of Westburne Inc. (July 1, 2001) commenced and notified to Rexel North America Inc. prior to July 1, 2005.

The Westburne, Inc. group companies that were disposed of by Rexel North America, Inc., as well as their predecessors (principally, the PE O'Hair company) and approximately one hundred third-party companies that are not related to the Rexel Group, were named as co-defendants in approximately 935 lawsuits filed since 1992, mainly in California, on behalf of several thousand plaintiffs. The plaintiffs are claiming damages as a result of alleged exposure to asbestos contained in products purportedly distributed by the defendants, including the disposed Westburne businesses, from 1950 to 1980. The other co-defendants in these cases include manufacturers, contractors and other distributors.

Rexel North America, Inc. is a defendant in these cases due to the liability guarantee granted to the acquirer of Westburne, Inc. Rexel North America, Inc. has denied the allegations in these lawsuits based on the argument that it believes that the liability in relation to the presence of asbestos in the products sold is mainly incumbent upon their manufacturers. A number of these claims have been dismissed or settled, and all such settlement amounts payable by Rexel have been for small sums that were covered in their entirety by its insurance policies.

At December 31, 2008, 6 claims that could potentially trigger Rexel North America, Inc.'s indemnification obligations to the purchaser, remained pending, compared to 18 claims as at December 31, 2007 and 49 claims as at December 31, 2006. The Rexel Group believes that it is likely that the majority of these 6 claims will be rejected or will be settled for amounts that will be covered by Rexel's insurance policies, although it cannot provide any assurances to this effect.

Rexel, Inc. (United States)

Rexel Inc., as transferee of the electrical product distribution activities of Westburne, Inc. in the United States, along with more than 100 other companies, is or has once been named as a defendant, or is implied, in a number of proceedings in Louisiana, New York, New Jersey and Texas relating to exposure to asbestos containing materials. In Louisiana, a subsidiary of Rexel, Inc. has assumed defence in the context of several asbestos-related proceedings brought against a third party pursuant to an indemnity obligation arising from a settlement agreement dated 1986.

As at December 31, 2007, Rexel, Inc. and its subsidiaries have been cleared of all responsibility for the claims filed in New Jersey and Texas. In 2007, Rexel, Inc. obtained a stipulated dismissal without prejudice of all claims pending in New Jersey relating to exposure to asbestos containing materials.

As at December 31, 2008, 40 claims initiated by 180 claimants remained pending before Louisiana jurisdictions, compared to 39 claims initiated by 160 claimants as at December 31, 2007 and 40 claims initiated by 208 claimants as at December 31, 2006.

As at December 31, 2008, 33 proceedings before Louisiana courts involving 171 plaintiffs were related to the alleged exposure to asbestos containing materials as a result of general contracting work carried out on the premises of third-party companies by employees of the Westburne Inc. businesses purchased by Rexel, Inc. and its subsidiaries, at the same time such claimants were present, at various times, notably between 1950 and 1970. The other defendants in these cases are companies that are not affiliated with the Rexel Group and include the owners and lessees of the concerned premises, the manufacturers of the structures and products that allegedly contained asbestos and other distributors and contractors. Legal fees with respect to these product-liability proceedings that are assessed to Rexel, Inc. and its subsidiaries are covered by general liability insurance policies issued by four insurance companies and are assumed by these insurance companies pursuant to a cost sharing agreement entered into between these companies, subject to the terms and conditions of the relevant policies. To date, settlements arising from cases similar to these pending cases have been completely covered pursuant to this cost sharing agreement. Rexel, Inc. and its subsidiaries have denied the allegations in these lawsuits based on the argument that their liability has not been proved and that the liability relating to the claims in question is mainly incumbent upon defendants other than Rexel, Inc., such as the owners and lessees of the relevant premises, as well as the manufactures of the structures installed in these premises.

The other 7 pending cases in Louisiana at December 31, 2008 were initiated by 9 plaintiffs who were or claim to have been employees of businesses acquired by a subsidiary of Rexel, Inc. The claimants have also invoked the liability of third parties. The liability of Rexel, Inc.'s subsidiary results from an indemnification obligation arising from a transaction entered into in 1986 between a company acquired previously and a third party. These claimants allege that that were exposed to asbestos containing materials while they were carrying out general contracting work on the premises of third parties, including petrochemical installations. Most of these procedures are in the initial stages of discovery. The Rexel Group believes that Rexel, Inc.'s subsidiary could be held liable in these cases only to the extent that the claimants can prove that they were previously employed by the company and that there is a causal link between their employment and the alleged harm. Rexel, Inc. and its subsidiary anticipate partial indemnity and contribution from the relevant insurance company for legal fees and potential damages arising from these proceedings.

As at December 31, 2008, 2 cases currently pending in New York involve plaintiffs (which are not related to Rexel) who claim liability for injuries relating to products sold by a number of companies prior to 1985, including Rexel, Inc. The proceedings have been suspended since October 2003 until the claimants can prove an asbestos-related illness, in accordance with the practice of New York State courts. There was no particular development in the proceedings pending in New York since then and in 2008. Given the high number of co-defendants and the state of the proceedings, the Rexel Group cannot predict the outcome of these proceedings.

Considering the wide range of these claims, their various states of advancement, the number of defendants and the absence of specific individual demands, the Rexel Group cannot give a quantitative estimate with respect to the claims made and the potential risk encountered. As such, the Rexel Group cannot predict the outcome or financial impact that it could be led to bear as a result of these proceedings.

In 2007, Rexel Inc. also settled 2 of these claims initiated by 48 claimants and all such settlement amounts payable by Rexel, Inc. have been for small sums.

Summer Group, Inc. (United States)

In December 2007, Summer Group, Inc., a subsidiary of Rexel, Inc., obtained the dismissal of a pending proceeding initiated against it in January 2007 in California in relation to the death of a person further to a mesothelioma cancer case. The court ruled that Summer Group, Inc. was not liable, and acknowledged that the claimant had induced Summer Group, Inc.'s liability by mistake, as it had no implication whatsoever in the facts.

In 2008, Summer Group, Inc. became a defendant in a proceeding in which the claimant allegates an exposure to products or materials containing asbestos, which would have been sold by a company acquired in 1993 by Summer Group, Inc., while the claimant would have worked on various sites on behalf of third parties. The claimant's demand as well as potential insurance coverage are under review.

Consequently, taking into account the progression of the proceedings and the impossibility of determining, at this stage of the proceeding, the exact implication of Summer Group, Inc., the Rexel Group is not able to provide an indication in numbers concerning the claims made and the risk potentially incurred.

14.6.3 Other litigation in relation to the Rexel Group

United States

Rexel, Inc. was a party in two proceedings in the United States, in relation to a product liability claim in connection with the death of two people in a fire, the cause of which has not been established yet, and the pollution of a landfill by unauthorized products, respectively. These two proceedings were dismissed in 2008.

Rexel, Inc. has not paid any indemnities to the plaintiffs to obtain a rejection of this claim and termination of the lawsuit. Nevertheless, in one of the proceedings, the Rexel Group's legal insurer financed the payment of a symbolic indemnity consisting of attorney's fees upon the finalization of the ruling and the obtainment of a rejection of the claim. The insurance company took charge of the legal fees and potential damages linked to these proceedings as per the terms and conditions of our policy.

Litigation regarding bankruptcy of Ceteco

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

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's Board of Management during the period of the alleged mismanagement.

In addition, and alternatively, the bankruptcy receivers allege that Hagemeyer, as a majority shareholder of Ceteco, breached a duty of care it owed to Ceteco and its creditors by, among other things, failing to intervene in time to prevent mismanagement at Ceteco. The bankruptcy receivers also claim that Hagemeyer has unjustly discharged Ceteco's Supervisory Board and Board of Management.

The damages in this tort claim are based on the loss suffered by Ceteco in certain countries. Any damages so recoverable in the tort claim will reduce the deficit in bankruptcy and therefore will reduce the amount of the first claim. Taking into account the existence of Hagemeyer's subordinated claim, it is expected that the aggregate claim of the bankruptcy receivers will not exceed €148 million.

One of Ceteco's creditors, Dresdner Bank Lateinamerika AG, claims damages from Hagemeyer 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.

Further to a ruling dated December 12, 2007 the Utrecht district court allowed the claim of the bankruptcy receivers of Ceteco and ordered Hagemeyer as well as the former members of the Board of Management and the Supervisory Board of Ceteco to pay a still to be determined amount of damages and referred the parties to a separate proceeding to determine the amount of the damages. In addition Hagemeyer and the former members of Ceteco's Board of Management and Supervisory Board were jointly and severally ordered to make an advance payment of damages of €50 million. Hagemeyer and former members of Ceteco's Management Board and Supervisory Board have appealed this judgment. The appeal suspends the enforceability of the judgment, including the advance payment and the commencement of the separate damage proceedings. Hagemeyer filed its memorandum in response on June 24, 2008.

On February 8, 2008, the bankruptcy receivers seized for an amount of €190 million the shares of certain of Hagemeyer N.V.'s directly held Dutch subsidiaries and intragroup receivables that were due on February 8, 2008 by these Dutch subsidiaries to Hagemeyer N.V.. Hagemeyer appealed this decision. By a ruling dated May 22, 2008, the Appeal Court dismissed the appeal of Hagemeyer without giving any decision in respect of the validity of these seizures. Hagemeyer has appealed this ruling before the Dutch supreme court.

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

CEF vs. Elektrotechnische Groothandel Bernard and others

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

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

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

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

In the context of the proceedings involving CEF and FEG, Technische Unie and Bernard, Hagemeyer N.V., Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, CEF filed a provisional attachment claim with the Rotterdam district court at the end of 2005. In July 2006, the district court dismissed this claim based on the fact that one of the defendants (Technische Unie) had given a security covering the amount of damages claimed by CEF. CEF appealed this decision. On April 8, 2008, the Court of Appeal of the Hague dismissed CEF's claims to obtain the provisional attachment of certain assets of Hagemeyer, Hagemeyer Nederland B.V., HTG Nederland B.V. and their directors, based on the plaintiff's alleged failure to state a claim. The court only allowed CEF to provisionally attach Hagemeyer Nederland B.V.'s shares owned by Bernard for a total amount of €7 million. The Court of Appeal of The Hague ruled that the damages that are likely to result from the alleged breach of competition law may not exceed €5.3 million, or €7 million including interest and legal fees. CEF has not carried out the provisional seizure and has not appealed this decision before the Court of Appeal of The Hague within the limitation period.

Furthermore, in March 2008, CEF initiated interim injunction proceedings before an Amsterdam court to prevent Hagemeyer, ABN AMRO Bank N.V., Rexel, Kelium and Sonepar to be named in Hagemeyer's bankruptcy proceedings and to compel them to transfer €95 million to an escrow account to ensure the payment of CEF's claims. On April 17, 2008, the Amsterdam district court rejected all of CEF's claims and argued that the plaintiff failed to state a claim. CEF has appealed this decision. The Court of Appeal of Amsterdam dismissed, on December 9, 2008, all of CEF's claims and sentenced CEF to bear the costs of proceedings.

On January 7, 2009, CEF and the Rexel Group entered into a settlement, without acknowledgement of liability, under which CEF undertook to withdraw all claims in relation to the CEF litigation in consideration of the payment of a settlement amount. This transaction does not have any material impact on the company's results of operations and financial condition.

Arbitration regarding ABM

In 2001, Hagemeyer acquired ABM, a subsidiary in Spain. In connection with the transaction, it was agreed to make certain earn-out payments to the seller of ABM, contingent upon Hagemeyer's achievement of certain agreed adjusted and audited 2002 EBITDA levels. Hagemeyer determined that such agreed EBITDA levels were not achieved, and consequently no earn-out payment was made to the seller of ABM. The company's statutory auditor at the time certified the financial statements for 2002 without any qualification, which contractually formed the basis of the adjusted and audited 2002 EBITDA. The seller is however of the opinion that certain agreed EBITDA levels were achieved and accordingly claims an earn-out payment of €18 million, excluding contractual interest and expenses, currently estimated at €7.6 million, which claim was upheld in an "expert determination" proceeding. The expert's decision has been submitted to arbitration. An arbitration award in favor of the seller was rendered on November 11, 2008.

A settlement was entered into on December 12, 2008 between the sellers of ABM and ABM, assuming the rights of the acquiring company merged into ABM, resulting in an impact in cash in an amount of €11.7 million.

Elettroveneta

In 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 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 prejudice suffered is between €24.5 million and €29.5 million.

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

Over the last financial year, to the knowledge of the Rexel 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.

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

To Rexel's knowledge, and with the exception of the items described in this *Document de Référence,* there has been no significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2008.

15. Additional information

Rexel is a société anonyme established under French law, governed by the applicable laws and regulations and by its by-laws.

15.1 SHARE CAPITAL

15.1.1 Subscribed share capital and authorized but unissued share capital

As at December 31, 2008, Rexel's share capital amounted to €1,279,969,135 divided into 255,993,827 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

The ordinary and extraordinary shareholders' meeting held on May 20, 2008 granted various authorizations to the Management Board, which used such powers and authorizations as described below:

Authorization	Duration of authorization and expiration	Maximum nominal amount (in millions of euros)	Date of use	Amount used
Issuance with upholding of preferential subscription rights	26 months	800 (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issuance by way of public offering, with cancellation of the preferential subscription right	26 months	400 (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Determination of price of issuances carried out by way of public offering, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	18 months	1.5% of Rexel share capital at the date of the decision of the Management Board (this maximum nominal amount is to be deducted from the total maximum amount of 800 and is common to the maximum nominal amount mentioned in the authorizations allowing reserved issues of shares to the benefit of financial institutions)	Not applicable	Not applicable

Authorization	Duration of authorization and expiration	Maximum nominal amount (in millions of euros)	Date of use	Amount used
Issuance reserved for financial institutions exclusively in order to implement an employee shareholding plan at the benefit of the employees of certain foreign Rexel Group subsidiaries	18 months	1.5% of Rexel share capital at the date of the decision of the Management Board (this maximum nominal amount is to be deducted from the joint maximum amount of 1.5% of the share capital of Rexel in relation to the issuance reserved for members of a share savings plan and from the total maximum nominal amount of 800)	Not applicable	Not applicable
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issuance in consideration for shares contributed under a public exchange offering	26 months	250 (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	200 (this maximum nominal amount is not to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issue of subscription or purchase options for Rexel shares	24 months	1.2% (this amount would be separate from the maximum nominal amount of 800 and would make up a maximum common amount along with that specified by the draft resolution relating to the free shares)	Not applicable	Not applicable
Allotment of free shares	38 months	1.2% (this maximum nominal amount would not be to be deducted from the total maximum nominal amount of 800 but would be deducted from the maximum nominal amount applicable to the issuance of stock options)	June 23, 2008	€7,708,600 (*i.e.,* 1,541,720 free shares allotted and 0.60% of Rexel's share capital as of the date of the decision of the Management Board)

At its meeting of February 9, 2009, the Management Board submitted for the approval of the Rexel shareholders' meeting convened for May 20, 2009, the following draft authorizations:

Authorization	Duration of authorization	Maximum proposed nominal amount (in millions of euros)
Issuance with upholding of preferential subscription rights	26 months	800 (this amount constitutes a total maximum amount common to some of the authorizations mentioned below)
Issuance by way of public offering or offering referred to in II of article L.411-2 of the French Monetary and Financial Code, with cancellation of the preferential subscription right	26 months	400 (this maximum nominal amount is to be deducted from the total maximum amount of 800)

Authorization	Duration of authorization	Maximum proposed nominal amount (in millions of euros)
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue (this maximum nominal amount is to be deducted from the total maximum amount of 800)
Determination of price of issuances carried out by way of public offering or offering referred to in II of article L.411-2 of the French Monetary and Financial Code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period (this maximum nominal amount is to be deducted from the total maximum amount of 800)
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (this maximum nominal amount is to be deducted from the total maximum amount of 800 and from the 1.5% limit common with the draft resolution in relation to the allotment of free shares)
Allotment of free shares	38 months	1.5% of Rexel share capital at the date of the decision of the Management Board (this maximum nominal amount is to be deducted from the total maximum amount of 800 and from the 1.5% limit common with the draft resolution in relation to the issuance reserved for members of an employee savings plan)
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the issuance (this maximum nominal amount is to be deducted from the total maximum amount of 800)
Issuance in consideration for shares contributed under a public exchange offering	26 months	250 (this maximum nominal amount is to be deducted from the total maximum amount of 800)
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	200 (this maximum nominal amount is not to be deducted from the total maximum amount of 800)

15.1.2 Securities not representative of share capital

As at the date of this *Document de Référence,* Rexel has not issued any securities not representing share capital.

15.1.3 Treasury shares and purchase by Rexel of its own shares

2008 share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 20, 2008 authorized the Management Board, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code and in accordance with articles 241-1 to 241-6 of the French financial markets authority (AMF) general rules, and Regulation n°2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10% of Rexel's share capital.

The acquisition of these shares may be carried out, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with a market ethics charter acknowledged by the AMF;
- setting up any stock option plan for Rexel in accordance with articles L.225-117 *et seq.* of the French Commercial Code, any allocations of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations of shares in connection with profit sharing plans, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- cancelling all or part of the shares so repurchased, subject to the approval of the twenty-fifth resolution of the shareholders' meeting of May 20, 2008;

– any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

The maximum purchase price per share has been set at €30, and may be adjusted in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares.

The maximum amount allocated for implementation of the share repurchase plan was €350 million.

The number of shares acquired by Rexel in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution cannot be greater than 5% of Rexel's share capital. In the event of a public tender offer on Rexel's shares paid for in full in cash, Rexel will be able to pursue the implementation of its share repurchase plan, in compliance with the applicable legal and regulatory provisions.

This delegation of authority was granted for a term of 18 months as of the ordinary and extraordinary shareholders' meeting of Rexel held on May 20, 2008, *i.e.,* until November 20, 2009.

In accordance with the authorization granted by the ordinary and extraordinary shareholders' meeting of May 20, 2008, the Management Board decided to implement the share repurchase plan by means of the liquidity agreement effective with Rothschild et Cie Banque (the **"Liquidity Agreement"**).

The description of the share repurchase plan was published on May 20, 2008 and is also available on the Internet site of Rexel (www.rexel.com).

The share repurchase plan was implemented, via the Liquidity Agreement, by Rothschild et Cie Banque on May 20, 2008, with an amount of €11 million.

In accordance with the press release issued on November 20, 2008, in order to allow Rothschild et Cie Banque to continue its operations under the Liquidity Agreement, Rexel made, on November 28, 2008, an additional contribution in cash of €4 million, thus increasing the amount allocated to the Liquidity Agreement to €15 million.

As at December 31, 2008, Rexel held 1,215,015 treasury shares acquired at an average price of €7.358.

Summary of declarations

Transactions carried out by Rexel on its own shares for the year ended December 31, 2008 mainly consisted of:

Number of shares cancelled during the last 24 months	–
Number of shares held by Rexel as treasury shares as at December 31, 2008	1,215,015
Percentage of capital directly or indirectly held by Rexel as at December 31, 2008	0.47%
Book value of the treasury shares	€8,940,080
Market value of the treasury shares as of December 31, 2008	€5,782,256

	Total gross flows		Open positions as at December 31, 2008					
			Open Positions at purchase			Open Positions at sale		
	Purchases	Sales and transfers	*Call options purchased*	*Put options sold*	*Forward purchases*	*Call options sold*	*Put options purchased*	*Forward sales*
Number of shares	3,230,759	2,600,744						
Average maximum maturity date			–	–	–	–	–	–
Average transaction rate (in euros)	9.49	11.78						
Average transaction price (in euros)			–	–	–	–	–	–
Amounts (in euros)	30,648,609	27,474,816						

Declaration of transactions completed by Rexel on its own shares during the financial year ended December 31, 2008, specified by objective

Type of transaction	Date of transaction	Number of shares		
		Debit (number of shares repurchased on the market)	Credit (number of shares sold on the market)	Balances (number of treasury shares held in the liquidity account)
Purchases	From January 1, 2008 to December 31, 2008*	3,230,759	–	–
Sales	From January 1, 2008 to December 31, 2008*	–	2,600,744	–
Transfers	From January 1, 2008 to December 31, 2008*	–	–	–
Balance				1,215,015

* From January 1, 2008 to May 19, 2008, as part of the liquidity agreement entered into with Rothschild et Cie Banque in 2007 and from May 20, 2008 to December 31, 2008 as part of the liquidity agreement entered into with Rothschild et Cie Banque in 2008.

During the financial year ended December 31, 2008, 3,230,759 shares of Rexel were acquired by Rothschild et Cie Banque pursuant to the Liquidity Agreement, at an average price of €9.49, and 2,600,744 shares of Rexel were sold by Rothschild et Cie Banque pursuant to the Liquidity Agreement, at an average price of €11.78.

As of December 31, 2008, Rexel held 1,215,015 treasury shares, with a par value of 5 euros each, acquired at an average price of €7.358, representing an aggregate purchase value of €8,940,080.37. These treasury shares have been recorded as a reduction to the shareholders' equity in an amount of €8.9 million.

No shares have been allocated for any objective other than the Liquidity Agreement.

2009 share repurchase plan

The Management Board submitted a draft proposal to the Rexel shareholders' meeting concerning a new share repurchase plan with the following terms:

Authorization	Duration of authorization	Number of securities that may be repurchased	Maximum proposed nominal amount (in millions of euros)	Maximum purchase price (in euros)
Share repurchase	18 months	10% of the share capital as at the date of completion of the purchases	200	20

15.1.4 Other securities conferring access to the share capital

15.1.4.1 Subscription or purchase options for Rexel shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 12.2.5.1 of this *Document de Référence.*

15.1.4.2 Allocation of free shares

Rexel has granted free shares to certain employees and officers of the Rexel Group in accordance with the terms set forth in paragraph 12.2.6 of this *Document de Référence.*

15.1.4.3 Warrants *(bons de souscription d'actions)*

Rexel has issued warrants *(bons de souscription d'actions)* in accordance with the terms set forth in paragraph 12.2.7 of this *Document de Référence.*

15.1.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up

Not applicable.

15.1.6 Share capital of Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option

Not applicable.

15.1.7 Changes in share capital

The table below shows changes in the share capital of Rexel from December 16, 2004, the date on which Rexel was created, until the date of this *Document de Référence.*

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/ merger premium (€)	Cumulative share/ merger premiums (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
December 16, 2004	Incorporation	8,500	–	N/A	N/A	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	N/A	N/A	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	N/A	N/A	624,793,690	62,479,369	10
June 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	N/A	N/A	627,837,730	62,783,773	10
October 28, 2005	Share capital increase to the benefit of Rexop S.A.S.	262,001	2,620,010	N/A	N/A	630,457,740	63,045,774	10
April 4, 2007	Exercise by Rexdir S.A.S. and Rexop S.A.S. of share subscription warrants (BSA) issued by Rexel	1,518,854	15,188,540	N/A	N/A	645,646,280	64,564,628	10
April 4, 2007	Absorption of Rexdir S.A.S. and Rexop S.A.S. by Rexel	2,085,259	20,852,590	0	N/A	666,498,870	66,649,887	10
April 4, 2007	Cancellation of treasury shares in the context of the merger	2,085,259 shares cancelled	20,852,590 (amount of share capital increase cancelled)	N/A	N/A	Share capital decrease of 645,646,280	Cumulative number of shares reduced to 64,564,628	10
April 4, 2007	Division of the nominal value of shares	64,564,628	N/A	N/A	N/A	645,646,280	129,129,256	5
April 4, 2007	Share capital increase reserved for Ray Investment	63,813,323	319,066,615	733,853,214.5	733,853,214.5	964,712,895	192,942,579	5
April 11, 2007	Share capital increase in cash by public offering	60,606,060	303,030,300	696,969,690	1,430,822,904.5	1,267,743,195	253,548,639	5

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/ merger premium (€)	Cumulative share/ merger premiums (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
April 18, 2007	Share capital increase reserved for employees	1,436,874	7,184,370	12,082,078	1,442,904,982.5	1,274,927,565	254,985,513	5
April 18, 2007	Share capital increase reserved for BNP Paribas Arbitrage SNC	1,008,314	5,041,570	8,268,174.8	1,451,173,157.3	1,279,969,135	255,993,827	5

15.1.8 Pledges, guarantees and security interests

As of the date of this *Document de Référence* and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

15.2 BY-LAWS *(STATUTS)*

The by-laws *(statuts)* have been drawn up in accordance with the provisions applicable to a French *société anonyme*. The main stipulations described below are drawn from the by-laws of Rexel as adopted by the ordinary and extraordinary shareholders' meeting of February 13, 2007.

15.2.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- to acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- to provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- to acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights; and

more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

15.2.2 Management, administrative, supervisory and executive bodies (articles 14 to 25 of the by-laws)

15.2.2.1 Management Board (articles 14 to 18 of the by-laws)

Appointment (article 14 of the by-laws)

Rexel is managed by a Management Board made up of a minimum of two members and a maximum of four members who are appointed by the Supervisory Board.

Management Board members are not required to be shareholders. They must be individuals.

No member of the Supervisory Board may sit on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his/her term of office on the Supervisory Board ends as soon as he/she assumes his/her duties on the Management Board. No person may be appointed as member of the Management Board unless he/she complies with the rules on holding multiple offices, conflicts of interest or disqualification or prohibitions as provided by law.

Management Board members are appointed for a term of four years by the Supervisory Board, which is responsible for filling any vacancies, in accordance with the law.

Management Board members may be re-elected.

No member of the Management Board may be over the age of 65. A Management Board member is deemed to have resigned automatically at the end of the last meeting of the Supervisory Board in the financial year during which he/she reaches this age.

Any member of the Management Board may be linked to Rexel by an employment agreement, which will remain effective throughout his/her term of office and after the expiration thereof.

Dismissal (article 14 of the by-laws)

Any member of the Management Board may be dismissed by a shareholders' meeting or by the Supervisory Board. If such dismissal is without due cause, it may result in the payment of damages.

Dismissal of a Management Board member shall not result in termination of any employment agreement between such member and Rexel or one of its subsidiaries.

Chairman of the Management Board – General management (article 15 of the by-laws)

The Supervisory Board appoints a member of the Management Board to serve as Chairman.

The Chairman serves in this capacity throughout his term of office as Management Board member.

The Chairman of the Management Board represents Rexel in its relationships with third parties.

The Supervisory Board may grant the same powers of representation to one or more Management Board members, who then have the title of managing directors *(directeurs généraux)*.

The Supervisory Board may dismiss the Chairman and cancel any powers of representation granted to any Management Board member.

Powers and responsibilities of the Management Board (article 16 of the by-laws)

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

Management Board members may, with the Supervisory Board's authorization, divide management responsibilities among themselves. However, such allocation shall not in any even deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

The Management Board may assign to one or more of its members or to any person who is not a member special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers as it deems appropriate.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may at any time request that the Management Board submit a report on its management and on ongoing operations. This report may, at the Supervisory Board's request, be supplemented by an interim financial position of Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews the half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, for violations of the provisions of the legal provisions governing *sociétés anonymes,* for violations of the by-laws, or for negligence in their management, under the conditions and subject to the penalties provided by law.

Deliberations of the Management Board (article 17 of the by-laws)

The Management Board's meetings are convened by its Chairman, whenever the best interests of Rexel so require, at the registered office or at any other location specified in the meeting notice. The agenda may be set at the time of the meeting if all members are present. Notices of meeting may be given in any way, including verbally.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of at least half of Management Board members in attendance.

Resolutions are adopted by a simple majority of Management Board members present and represented.

Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

The Management Board members may draw up Rules of Procedure to govern all issues in relation to the operations of the Management Board that are not covered by the by-laws. These Management Board Rules of Procedure may, in particular, set out the conditions for participating and voting in Management Board meetings held by videoconferencing or other means of telecommunication. In this case, Management Board members who participate in Management Board meetings by videoconferencing or any other form of telecommunications shall be considered to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

Compensation of Management Board members (article 18 of the by-laws)

The Supervisory Board determines the method and amount of compensation paid to each Management Board member. Such remuneration may be fixed or proportionate, or both fixed and proportionate.

15.2.2.2 Supervisory Board (articles 19 to 25 of the by-laws)

Members (article 19 of the by-laws)

The Supervisory Board is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a term of five years.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a Supervisory Board member in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Supervisory Board become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Supervisory Board may co-opt one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

If the appointment of co-opted members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately convene an ordinary shareholders' meeting to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on combining offices, conflicts of interests or disqualification or prohibitions as provided by law.

The number of Supervisory Board members who are linked to Rexel by an employment agreement may not exceed one third of the Supervisory Board members in office.

Shares held by Supervisory Board members (article 20 of the by-laws)

Supervisory Board members shall each own at least 1 share in Rexel.

If, as of the date of their appointment, the Supervisory Board members do not own one share or if, during their term of office, they cease to own such shares, they shall be deemed to have resigned automatically unless they have remedied this situation within three months.

Officers of the Supervisory Board (article 21 of the by-laws)

The Supervisory Board shall elect from among its members who are individuals a Chairman and a Deputy Chairman who shall serve in this capacity for the duration of their term of office as Supervisory Board member, unless the Supervisory Board decides to appoint a new Chairman or Deputy Chairman.

The Chairman of the Supervisory Board convenes meetings of the Supervisory Board and oversees its deliberations.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

The Supervisory Board also appoints a secretary who is not required to be a Supervisory Board member and who serves as an officer of the Board, alongside the Chairman and Deputy Chairman.

Failing this, the Supervisory Board appoints one of its members to chair the meeting.

The Chairman, Deputy Chairman and Secretary may be re-elected.

Deliberations of the Supervisory Board (article 22 of the by-laws)

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Supervisory Board, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Supervisory Board. However, when all Supervisory Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, the Chairman of the Supervisory Board is required to convene a meeting of the Supervisory Board to be held no later than fifteen days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the persons requesting the meeting may convene the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues.

In accordance with the applicable regulations, the Supervisory Board will draw up Rules of Procedure defining the methods of participating and voting at Supervisory Board meetings held by videoconference or any other forms of telecommunication.

Provided that the Supervisory Board Rules of Procedure so allow, Supervisory Board members who attend Supervisory Board meetings by videoconference or any other forms of telecommunication shall be deemed to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting shall have a casting vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members in office and only during meetings chaired by the Chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any Supervisory Board Members who attended the meeting by videoconference or any other forms of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the Chairman of Supervisory Board, the Deputy Chairman, a Board member or an authorized representative.

Powers of the Supervisory Board (article 23 of the by-laws)

The Supervisory Board exercises ongoing control over the Management Board's management of Rexel. It carries out such verifications and controls as it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

Under no circumstances may such supervision lead to the performance of management actions directly or indirectly by the Supervisory Board of Rexel or by its members, or under conditions that make it impossible for Management Board members to carry out their management of Rexel.

In accordance with legal requirements, the Supervisory Board gives the Management Board prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The following decisions are subject to prior authorization by the Supervisory Board:

- adoption of the annual budget;
- adoption of the strategic plan;
- appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);
- proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to the shareholders;

- proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the statutory auditors;
- approval of significant changes in accounting methods;
- acceptance of and resignation from any duties as a member of a board of directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such board of directors or equivalent body;
- proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;
- proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;
- the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);
- the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;
- borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries;
- entering into merger, spin-off or asset transfer agreements;
- admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market;
- any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries;
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

The Supervisory Board submits to the ordinary shareholders' meeting its comments on the Management Board's report and on the annual financial statements.

The Supervisory Board may appoint, from amongst its members, one or more special committees, for which it determines the members and responsibilities, and which operate under its responsibility; however, such responsibilities shall not result in delegating to a committee any powers vested in the Supervisory Board by law or by the by-laws, nor shall they reduce or limit the powers of the Management Board.

The rules of operation of such committees are determined by the Supervisory Board Rules of Procedure and set out in the Rules of Procedure, if any, drawn up by each committee and approved by the Supervisory Board.

Compensation of the Chairman, the Deputy Chairman, members and officers of the Supervisory Board (article 24 of the by-laws)

The ordinary shareholders' meeting may allocate attendance fees to the Supervisory Board members; the amount of such fees is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be fixed or proportionate, or both fixed and proportionate.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to Supervisory Board members, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

Liability (article 25 of the by-laws)

Supervisory Board members are liable for any personal negligence in the performance of their duties. They do not incur any liability as a result of management actions and the results thereof.

15.2.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form. They are registered

on a securities account under the terms and conditions provided for by law.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

15.2.4 Changes to shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

15.2.5 Shareholders' meetings (articles 27 to 35 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

15.2.5.1 Notices of meetings (article 28 of the by-laws)

Shareholders' meetings are convened by the Management Board, within the time periods and under the conditions set forth by law. They may also be convened by the Supervisory Board, or by any person authorized for this purpose by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

15.2.5.2 Agenda (article 29 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Supervisory Board members and appoint their replacements.

15.2.5.3 Access to shareholders' meetings (article 30 of the by-laws)

The right to participate in shareholders' meetings is subject to the following conditions:

- for holders of registered shares, the shares must be registered in the shareholder's name in Rexel's books at least three (3) business days before the date of the shareholders' meeting;
- for holders of bearer shares, a certificate of attendance from an authorized intermediary must be filed under the conditions provided for by law, within three (3) business days before the date of the shareholders' meeting.

A shareholder may be represented by his or her spouse or by any other shareholder; in this case, the representative must demonstrate that he holds a proxy form.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French Civil Code.

If the Management Board so decides when it convenes the meeting, shareholders may also participate and vote in the

meeting by electronic or another forms of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by video-conference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

15.2.5.4 Attendance sheet – minutes of meetings (article 31 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialled by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman of the Board, or by a Supervisory Board member specially authorized for this purpose.

If the shareholders' meeting is convened by the statutory auditor or auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

15.2.5.5 Quorum – Voting – Number of votes (article 32 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

15.2.5.6 Ordinary shareholders' meetings (article 33 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

15.2.5.7 Extraordinary shareholders' meetings (article 34 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

15.2.5.8 Shareholders' right to information (article 35 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

15.2.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

Agreements entered into by Rexel's shareholders are described in paragraph 12.5 of this *Document de Référence.* Furthermore, provisions of the Senior Credit Agreement likely to have an impact in case of change of control of

Rexel are described in paragraph 7.2.1 of this *Document de Référence.*

15.2.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

15.2.7.1 Ownership threshold disclosures (article 11 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

15.2.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholder base in accordance with applicable laws. In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

15.2.8 Special provisions governing changes to share capital (article 7 of the by-laws)

Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law. The extraordinary shareholders' meeting may also decide to carry out stock splits or reverse splits.

15.3 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

15.3.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, which was carried out in the context of the initial public offering of Rexel, the employee investment funds (FCPEs) "Rexel Actionnariat France" and "Rexel Actionnariat International" were created.

The supervisory board of these FCPEs has, in particular, the following powers:

- it exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respects, appoints one or several representatives of the fund at the Rexel shareholders' meetings; and
- the information provided to the works council, pursuant to articles L.2323-7 *et seq.,* L.2323-46 *et seq.* and R.2323-1 of the French Labor Code, as well as a copy of the report of the chartered accountant appointed pursuant to articles L.2325-35 *et seq.* of the French Labor Code, are also delivered to the supervisory board of the funds.

15.3.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- the Senior Credit Agreement (see paragraph 7.2.1 of this *Document de Référence*).

16. Material agreements

During the last two years, the Rexel Group's companies have been parties to the following material agreements:

– the various loans obtained by the Rexel Group companies (see paragraph 7.2 of this *Document de Référence*).

17. Documents available to the public

17.1 LEGAL DOCUMENTS

During the period of validity of this *Document de Référence*, the following documents, or a copy thereof, may be consulted:

- Rexel's by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements made by an expert at the request of Rexel, any part of which is included or referred to in this *Document de Référence*; and
- the historical financial information of Rexel and its subsidiaries for each of the three financial years prior to publication of this *Document de Référence*.

All of the above legal and financial documents in relation to Rexel and that must be made available to the shareholders in accordance with the applicable regulations may be consulted at the registered office of Rexel.

17.2 2008 ANNUAL FINANCIAL REPORT

A correlation table between the annual financial report and this *Document de Référence* is set out in Annex 7 to this *Document de Référence.*

17.3 REXEL SHAREHOLDERS' MEETING OF MAY 20, 2009

17.3.1 The management report of the Management Board

The management report of the Management Board for the financial year ended December 31, 2008 is made up of chapters 1 to 12, 14 and 15 of this *Document de Référence.*

17.3.2 The report of the Supervisory Board

The Supervisory Board's report on the management report and on the financial statements for the year ended December 31, 2008 is set out in Annex 3 of this *Document de Référence.*

17.3.3 Resolutions

The wording of the resolutions submitted to the shareholders' meeting of Rexel to be held on May 20, 2009, as well as the Management Board's report, are set out, respectively, in Annex 5 and Annex 4 of this *Document de Référence.*

17.4 THE ANNUAL DOCUMENT

The list of information published or made public by Rexel in the course of the last 12 months established according to article 222-7 of the General rules of the *Autorité des marchés financiers* is provided in Annex 6 of this *Document de Référence.*

18. Responsibility for the *Document de Référence*

18.1 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE*

Jean-Charles Pauze, Chairman of the Management Board of Rexel.

18.2 RESPONSIBILITY STATEMENT

"I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this Document de Référence reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the management report provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the statutory auditors a letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this document and read the entire document."

Jean-Charles Pauze
Chairman of the Management Board of Rexel.

Paris, April 17, 2009

18.3 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Marc Maillet
Vice President, Investors Relations

Address: 189-193, boulevard Malesherbes, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

18.4 INDICATIVE FINANCIAL INFORMATION TIMETABLE

Financial information reported to the public by Rexel will be available on the Rexel website (www.rexel.com).

For indicative purposes only, Rexel's financial information timetable up to December 31, 2009, should be as follows:

Q1 2009 results	May 14, 2009
Shareholders' meeting	May 20, 2009
H1 2009 results	July 31, 2009
Q3 2009 results	November 12, 2009

19. Statutory auditors

19.1 PRINCIPAL STATUTORY AUDITORS

Ernst & Young Audit

Represented by Jean Bouquot and Pierre Bourgeois

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris la Défense Cedex

Ernst & Young Audit was appointed principal statutory auditor on the date of incorporation of Rexel on December 16, 2004, for a term ending at the time of the shareholder's decision to approve the financial statements for the year ending December 31, 2009.

Ernst & Young is a member of the regional body of statutory auditors of Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

KPMG Audit

Represented by Hervé Chopin

1, cours Valmy
92923 Paris la Défense

KPMG Audit was appointed principal statutory auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2011.

KPMG is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

19.2 DEPUTY STATUTORY AUDITORS

Gabriel Galet

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris La Défense Cedex

Gabriel Galet was appointed deputy statutory auditor on the date of incorporation of Rexel on December 16, 2004, for a term ending at the time of the shareholder's decision to approve the financial statements for the year ending December 31, 2009.

S.C.P. de Commissaires aux comptes Jean-Claude André et Autres

2 bis, rue de Villiers
92309 Levallois-Perret

Jean-Claude André et Autres was appointed deputy statutory auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2011.

Annex 1

Report of the Chairman of the Supervisory Board on the functioning of the Supervisory Board and on internal controls for the financial year 2008

This report is drawn up pursuant to Article L.225-68 of the French Commercial Code, in order to report on the conditions in which the work of the Supervisory Board is prepared and organized, and on internal control procedures implemented by Rexel (the **"Company"**) within the group for which it is the ultimate parent company (the **"Group"**).

This report has been drawn up by the Chairman of the Supervisory Board in collaboration with the Group Internal Audit Department as well as the Group Legal Department. This report by the Chairman of the Supervisory Board has been reviewed by the Audit Committee and approved by the Supervisory Board.

The Company is a French *société anonyme* with a Management Board and Supervisory Board, thereby separating managerial powers from supervisory powers.

1. CONDITIONS UNDER WHICH THE WORK OF THE SUPERVISORY BOARD HAS BEEN PREPARED AND ORGANIZED

1.1 Applicable rules and principles

The Supervisory Board is organized and carries out the duties entrusted to it in accordance with applicable legal provisions, the Company's by-laws and its Rules of Procedure.

1.1.1 Rules of Procedure of the Supervisory Board

The Rules of Procedure of the Supervisory Board, which were adopted on February 13, 2007 and modified on June 5, 2008, aim at supplementing and precising the legal and regulatory rules as well as the provisions of the by-laws of the Company governing the organization and functioning of the Supervisory Board as well as the rights and duties of its members. They include provisions relating to the Supervisory Board's authority, the organization of Supervisory Board meetings, the composition of the Supervisory Board, the ethics of the Supervisory Board, and the compensation for the members, independent members and observer(s) of the Supervisory Board or Supervisory Board Committees.

On June 5, 2008, the Supervisory Board modified its Rules of Procedure so as to:

- comply with the May 20, 2008 extraordinary shareholders' meeting decision modifying the age limit for one third of the members of the Supervisory Board increasing it from 65 to 70 years old; and
- change the maximum number of members of the Strategic and Compensation Committees from four members, one of whom being an independent member to five members, two of whom being independent members.

The Rules of Procedure of the Supervisory Board are available on the Company's website (www.rexel.com).

1.1.2 Corporate governance guidelines

The code of corporate governance of the *"Association Française des Entreprises Privées"* (AFEP) and the *"Mouvement des Entreprises de France"* (MEDEF) as amended by the AFEP and MEDEF recommendations of October 2008 relating to the compensation of corporate

executives of companies listed on a regulated stock exchange, is the governance referential of the Company.

Following the meeting of the Supervisory Board of December 2, 2008, the Company issued, in accordance with the recommendations of the French *"Autorité des marchés financiers",* the following press release:

"Rexel's Supervisory Board, after reviewing the AFEP-MEDEF recommendations dated October 6, 2008 concerning the compensation of executive directors of listed companies at its meeting on December 2, 2008, agrees with the principles resulting from such recommendations and shall ensure that they are implemented by the Rexel Group.

The Board considers that these recommendations are in line with the corporate governance policy implemented by the Group.

Consequently, in accordance with the Act of July 3, 2008 that implements the European Union directive 2006/46/EC of June 14, 2006, the AFEP-MEDEF corporate governance code thus amended will be Rexel's reference as of fiscal year 2008 for the preparation of the report provided for in Article L.225-37 of the French Commercial Code."

The Company believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Group, subject to the following items:

- taking into account the Company's shareholding structure, the number of independent members is three out of eleven for the Supervisory Board, two out of five for the Audit Committee, the Strategic Committee, and the Compensation Committee, and one out of four for the Appointments Committee. The term of office for a member of the Supervisory Board was fixed at 5 years;
- the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. The Company wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*) that benefit to the Members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)* or gross misconduct *(faute lourde)*, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Group. Finally, the compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 1.2.3 of this report);
- in case of retirement, in order to protect the interests of the Company and the Group taken as a whole, the non-compete provisions may be applicable;
- the additional defined-benefit retirement plan (article 39) benefits to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers. Full benefits under this retirement plan are vested over a maximum five-year period pursuant to an annual vesting rate of 2.5% of the average of the best three reference annual compensations (fixed compensation, bonus, benefits in kind excluding exceptional bonuses). As of July 1, 2009, this retirement plan will be replaced by a new defined-benefit retirement plan providing for amended entitlement and wage rules in accordance with the AFEP and MEDEF guidelines (see paragraph 1.2.3 of this report); and
- the share subscription options and free shares allocated by the Company do not apply some of the AFEP and MEDEF guidelines. These allocations were carried out prior to the publication of the AFEP and MEDEF's guidelines and the amendment of the plans would raise major practical issues considering the number of beneficiaries.

The AFEP/MEDEF code of corporate governance, as amended by the October 2008 recommendations, is available on the MEDEF website (www.medef.fr).

1.1.3 Shareholders' participation in shareholders' meetings

The conditions for the shareholders to participate at Company Shareholders' meetings, particularly the mode of operation, the powers of the shareholders' meeting and shareholders' rights, are governed by articles 27 to 35 of the Company's by-laws. The principal conditions are explained in the Company's Annual Report *("document de reference")*.

1.1.4 Items likely to have an impact in the event of a tender offer

Items likely to have an impact in the event of a tender offer as described in article L.225-100-3 of the French Commercial Code are presented in the Company's Annual Report *("document de reference")* (Chapter 15).

1.2 The Supervisory Board's work

1.2.1 The Supervisory Board's duties

The Supervisory Board exercises the permanent supervision of the management of the Company by the Management Board, as per the provisions of the law. It carries out reviews and controls as it deems appropriate and can request documents that it deems to be necessary to carry out its duties. In particular, the Supervisory Board has the following specific duties:

- examination of the Company's financial and cash situation, and of the obligations of Company and its subsidiaries;
- examination of the verification procedure for the financial statements and information provided to the Company's shareholders and the market;

- authorization of regulated agreements as described in article L.225-86 of the French Commercial Code;
- appointment and removal of members of the Management Board and determination of their compensation (including benefits in kind and special pensions provisions);
- appointment and removal of the chairman of the Management Board;
- co-option of members of the Supervisory Board;
- allocation of attendance fees;
- creation of Supervisory Board Committees, determination of their duties, appointment and compensation of their members;
- approval of the disposal of real estate assets, entire or partial disposals of shareholdings, and the granting of securities;
- granting the power of representation to one or several members of the Management Board, if authorized by the by-laws of the Company;
- approval of securities, endorsements and guarantees; and
- approval of the report of the Chairman of the Supervisory Board on the functioning of the Supervisory Board and on internal controls, as per article L.225-68 of the French Commercial Code.

Moreover, pursuant to the Company's by-laws, certain decisions of the Management Board require the prior approval of the Supervisory Board:

- adoption of the annual budget,
- adoption of the strategic plan,
- appointment or dismissal of members of the Executive Committee and the determination of their compensation (including benefits in kind and special retirement arrangements),
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to any distribution (including dividends or reserves) to the shareholders,
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to replacement of the statutory auditors,
- adoption of significant changes in accounting methods,
- acceptance of and resignation from any office as a member of a board of directors or equivalent body by the Company and appointment and revocation of the appointment of the Company permanent representatives to such boards of directors or equivalent body,
- proposed resolutions to be submitted to the general meeting of shareholders and use of authorizations or powers granted by the general meeting pertaining to the issuance of shares or securities granting immediate or future access to the share capital of the Company, of a company that directly or indirectly owns more than half of the Company's share capital or of a company in which the Company directly or indirectly owns more than half of the share capital, or securities granting rights to the award of debt securities,
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to any share buyback program,
- acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount),
- the creation of any business division or subsidiary, the realization of investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate,
- borrowing (including by issuing bonds) or assumption of liabilities, in each case, in an amount exceeding a threshold determined by the Supervisory Board,
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans for the employees of the Company or its subsidiaries involving equity securities of the Company,
- entering into merger, spin-off or asset transfer agreements,
- admission to trading of negotiable securities issued by the Company on an organized exchange,
- any transaction entailing a significant change in the scope of the business activities of the Company and its subsidiaries,
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

1.2.2 Compensation for members of the Supervisory Board

The Shareholders' meeting may grant attendance fees to Supervisory Board members.

The Supervisory Board:

- shall allocate these attendance fees to its members as it sees fit;
- shall determine the compensation of the Chairman and Vice-Chairman of the Supervisory Board, which may be both fixed and variable;
- may grant exceptional compensation for the carrying out of a Supervisory Board member's missions or duties; and
- may approve the reimbursement of travel expenses and expenses incurred by its members on behalf of the Company.

In the context of the global limit of 300,000 euros approved by the May 20, 2008 shareholders' meeting for the allocation of attendance fees, the Supervisory Board decided to grant compensation to independent members of the Supervisory Board, upon consultation with the Compensation Committee, during its February 12, 2008 meeting. This compensation is made up of a fixed

portion and a variable portion calculated based on the attendance of independent Supervisory Board members at Supervisory Board meetings and Committee meetings for committees to which they are members. In addition, a fixed compensation is also granted for each Chairmanship of a specialized Committee of the Supervisory Board held by an independent member of the Supervisory Board.

1.2.3 Compensation for members of the Management Board

Compensation for members of the Management Board is determined by the Supervisory Board upon consultation with the Compensation Committee.

In its February 12, 2008 meeting, the Supervisory Board determined the compensation of the Chairman and the members of the Management Board for the year ended December 31, 2008. This compensation is made up of a base annual gross compensation, a variable compensation based on obtaining fixed objectives, as well as bonuses, if necessary. For the year ended December 31, 2008, members of the Management Board were also granted free shares.

Compensation and benefits

Mr. Jean-Charles Pauze

Compensation for Mr. Jean-Charles Pauze as Chairman of the Company's Management Board comprises a gross fixed annual base compensation and a variable compensation based on the following elements: (i) a variable annual bonus which may reach 120% of the gross fixed annual base compensation if 100% of the targets are achieved, it being specified that if the results obtained are greater than 100% of the targets, the variable bonus may be greater than 120% of the gross annual base compensation, but may not exceed 130% of the gross annual base compensation and (ii) a hardship bonus based on travel within France and abroad.

For the year ended December 31, 2008, the variable annual bonus was based for 75% on financial criteria relating to the Group's results and for 25% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Jean-Charles Pauze in its own fields of responsibility.

In addition, Mr. Jean-Charles Pauze also has the following benefits: a private health care plan, a life insurance plan, mandatory pension schemes and a supplementary defined benefit pension plan, a company car and a gas card, as well as the payment by the Company of annual health check-ups and tax and retirement advisor fees.

Mr. Nicolas Lwoff, Mr. Pascal Martin and Mr. Jean-Dominique Perret

Compensation for Mr. Nicolas Lwoff, Mr. Pascal Martin and Mr. Jean-Dominique Perret as members of the Management Board comprises a gross annual base compensation and a variable compensation based on the following elements: a variable annual bonus which may reach 60% of the gross annual base compensation if 100% of the targets are achieved, it being specified that if the results obtained are greater than 100% of the targets, the variable bonus may be greater than 100% of the gross annual base compensation, but may not exceed 130% of the gross annual base compensation.

For the year ended December 31, 2008, the variable annual bonus of Mr. Nicolas Lwoff was based for 70% on financial criteria relating to the Group's results and for 30% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Nicolas Lwoff in its own fields of responsibility. The variable annual bonus of Mr. Pascal Martin and Mr. Jean-Dominique Perret was based for 65% on financial criteria relating to the Group's results and for 35% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WC. Qualitative criteria are based on items relating to the activity of Mr. Pascal Martin and Mr. Jean-Dominique Perret in their own fields of responsibility.

In addition, Mr. Nicolas Lwoff and Mr. Pascal Martin received an exceptional bonus amounting to €150,000 and €75,000, respectively, in relation to the successful completion of the acquisition of Hagemeyer.

Finally, Mr. Nicolas Lwoff, Mr. Pascal Martin and Mr. Jean-Dominique Perret also have the following benefits: a private health care plan, a life insurance plan, mandatory pension schemes and a supplementary defined benefit pension plan, a company car and a gas card, as well as the payment by the Company of annual health check-ups and a tax advisor. Mr. Nicolas Lwoff and Mr. Pascal Martin also benefit from a social security guarantee for corporate officers ("*garantie sociale des cadres dirigeants* – GSC").

Severance packages

Mr. Jean-Charles Pauze

Mr. Jean-Charles Pauze's employment contract with Rexel Développement was suspended on March 1, 2007. In the event that he should no longer hold his corporate office at the Company, his employment contract with Rexel Développement would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from serious misconduct or gross negligence, Mr. Jean-Charles Pauze shall be granted a severance payment equal to 24 months of the basic monthly salary that he had received as a corporate officer or as an employee, with the higher amount to prevail.

The basic monthly salary is understood as the amount of the fixed gross monthly salary received for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

– the payment of 50% of the contractual indemnities of notice and employment contract termination shall depend on the level of EBITDA (earnings before interest, taxes, depreciation and amortization) of the Group. This payment shall be made at 100% if the level of EBITDA reaches at least 60% of the value estimated for the financial year ended most recently to the date of the employment contract termination (financial year of reference), calculated on the basis of the audited consolidated financial statements of the Company for this financial year of reference. If, in the financial year of reference, the economic or financial situation of the Company and/or the economic or financial conditions of the market should deteriorate, this level may be reviewed by the Supervisory Board upon referral from the Compensation Committee, and be submitted for approval to the annual Shareholders' meeting to ensure the consistency of the objective with regard to its difficulty of being obtained;
– the payment of 35% of the contractual indemnities of notice and employment contract termination shall depend on the level of ATWC (average trade working capital) of the Group. This payment shall be made at 100% if the level of ATWC reaches at least 125% of the value estimated for the financial year ended most recently to the date of the employment contract termination (financial year of reference), calculated on the basis of the audited consolidated financial statements of the Company for this financial year of reference. If, in the financial year of reference, the economic or financial situation of the Company and/or the economic or financial conditions of the market should deteriorate, this level may be reviewed by the Supervisory Board upon referral from the Compensation Committee, and be submitted for approval to the annual Shareholders' meeting to ensure the consistency of the objective with regard to its difficulty of being obtained;
– the payment of 15% of the contractual indemnities of notice and employment contract termination shall depend on the level of ROCE (return on capital employed) of the Group. This payment shall be made at 100% if the level of ROCE reaches at least 75% of the value estimated for the financial year ended most recently to the date of the employment contract termination (financial year of reference), calculated on the basis of the audited consolidated financial statements of the Company for this financial year of reference. If, in the financial year of reference, the economic or financial situation of the Company and/or the economic or financial conditions of the market should deteriorate, this level may be reviewed by the Supervisory Board upon referral from the Compensation Committee, and be submitted for approval to the annual Shareholders' meeting to ensure the consistency of the objective with regard to its difficulty of being obtained.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from the Company, a non-competition clause is stipulated in Mr. Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth from his gross fixed annual compensation.

Mr. Nicolas Lwoff

Nicolas Lwoff's employment agreement with Rexel Développement, suspended since January 1, 2008, terminated following the departure of Nicolas Lwoff from the Group.

The employment agreement of Nicolas Lwoff provided, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde),* that Nicolas Lwoff would benefit from a contractual indemnity equal to 18 months of his monthly reference compensation in his capacity as corporate officer or as an employee of the company, whichever the highest.

The monthly reference compensation was defined as the sum of fixed gross monthly compensations received during the 12 months preceding the month during which notice is given of the termination of the contractual relationship, plus the gross sum of the last two bonuses paid but excluding any exceptional bonus, divided by 12 months.

This contractual indemnity was deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as any contractual indemnity due (in particular pursuant to a non-compete clause). Under these same circumstances, Nicolas Lwoff would have benefited from a compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever is highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement were subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement was dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment would have been 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), would have reached a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market would have deteriorated, this level may have been reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement was dependent on the level of ATWC (average trade operating working capital) of the Group. This payment woud have been 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), would have reached a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market would have deteriorated, this level may have been reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement was dependent on the level of ROCE (return on capital employed) of the Group. This payment would have been 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), would have reached a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market would have deteriorated, this level may have been reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

At the time of its departure from the Group, Mr. Nicolas Lwoff did not receive any severance indemnity. Only the non-competition clause stipulated in its employment contract was applied. As such, Mr. Nicolas Lwoff will receive during a twelve-month period, *i.e.,* between February 14, 2009 and February 13, 2010, a monthly gross indemnity amounting to €29,230.77.

Mr. Pascal Martin

Pascal Martin's employment agreement with Rexel Développement has been suspended since January 1, 2008.

In the event that his corporate duties within the Company should end, Pascal Martin's employment agreement with Rexel Développement would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacity as corporate officer or as an employee, whichever is highest.

The monthly reference compensation is defined as the sum of fixed gross monthly compensations received during the 12 months preceding the month during which notice is given of the termination of the contractual relationship, plus the gross sum of the last two bonuses paid but excluding any exceptional bonus, divided by 12 months.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Pascal Martin would also benefit from a compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Mr. Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, has been acting as salaried Latin America Group Delegate since January 1, 2008.

His employment agreement with Rexel Développement provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, Mr. Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the sum of fixed gross monthly compensations received during the 12 months preceding the month during which notice is given of the termination of the contractual relationship, plus the gross sum of the last two bonuses paid but excluding any exceptional bonus, divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Jean-Dominique Perret would also benefit from a compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer and as employee of the company.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be

reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean Dominique Perret's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Free Shares

Pursuant to the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and in accordance with the authorizations granted by the March 20, 2007 ordinary and extraordinary shareholders' meeting and by the April 4, 2007 Supervisory Board meeting, the Management Board allocated 5,022,190 free shares of the Company on April 11, 2007. In the context of this allocation, 1,223,714 free shares were allocated to members of the Management Board in the following amounts:

Beneficiary	Number of shares allocated for the year ended December 31, 2007
Corporate officers	
Jean-Charles Pauze	518,921
Nicolas Lwoff	264,297
Pascal Martin	264,297
Jean-Dominique Perret	176,199

The acquisition of these free shares is subject to, in particular:

- being present within the Group on April 12, 2008, with certain exceptions being notably death, disability or retirement of the beneficiary; and/or
- a performance condition based on EBITDA (earnings before interest, taxes, depreciation and amortization) for the financial year ended December 31, 2007.

In addition, in accordance with the authorizations granted by the May 20, 2008 extraordinary shareholders' meeting and the May 20, 2008 Supervisory Board meeting, the Management Board allocated 1,541,720 free shares of the Company on June 23, 2008 and 66,241 free shares of the Company on October 1, 2008. In the context of these allocations, the members of the Management Board received 177,451 free shares in the following amounts:

Beneficiary	Number of shares allocated for the year ended December 31, 2008
Corporate officers	
Jean-Charles Pauze	70,708
Nicolas Lwoff	35,581
Pascal Martin	35,581
Jean-Dominique Perret	35,581

The acquisition of these free shares is subject to, in particular:

- being present within the Group, with certain exceptions being notably death, disability or retirement of the beneficiary; and/or
- the following performance conditions: (i) the acquisition of 50% of the free shares depends on the change in EBITDA margin between 2007 and 2009, (ii) the acquisition of 25% of the free shares depends on the level of 2008 EBITDA and (iii) the acquisition of 25% of the free shares depends on the level of 2009 Net Debt / 2009 EBITDA.

Additional retirement plan

A supplementary defined-benefit pension plan is in force within Rexel Développement.

Pursuant to the terms of the May 31, 2005 plan, modified on March 1, 2007 and on July 1, 2008, the conditions for eligibility are as follow:

- are beneficiaries of the supplementary pension plan, senior executives of Rexel Développement, who are or not corporate officers, and whom global grading is 20 or above, as defined by Hewitt for the Group;
- such employees must be enrolled under French Social Security mandatory pension scheme (1st pillar).

Furthermore, pursuant to the terms of the May 31, 2005 plan, as modified, the length of service of employees or officers of any entity controlling or being controlled, directly or indirectly, by Rexel Développement within the meaning of article L.233-3 of the French Commercial Code, shall be taken into account in the calculation of periods of service for seniority.

At January 1, 2009, Jean-Charles Pauze, Nicolas Lwoff, Pascal Martin, Jean-Dominique Perret, Patrick Bérard, in his capacity as CEO for France and Group Delegate for Italy, Spain and Portugal, and Henri-Paul Laschkar in his capacity as as CEO for United Kingdom, met these eligibility criteria.

Furthermore, the vesting and payment of the benefits are subject to a certain number of suspensive conditions, including:

- definitive termination of professional activity as at retirement date upon employer or employee initiative, with the exception of later return to the professional activity in the event of concurrence of employment and retirement *("Cumul Emploi Retraite")*, under the conditions set forth in article L.634-6 of the French Social Security Code;
- presence within the company as at retirement date upon employer or employee initiative;
- minimum age of 60 as at the date of departure from the company; and
- settlement , at the full rate, of the basic mandatory pension provided by the French Social Security (1st pillar).

The supplementary pension is equal to the product of the number of years of seniority in the scheme multiplied by 2.5% of the reference compensation. The reference compensation is assessed by including salary or compensation from the holding of a corporate office, benefits in kind and annual bonuses with the exception of extraordinary bonuses, and hardship allowances and their equivalents are included in the calculation of the reference compensation, up to the full amounts paid. The reference compensation used for the calculation of the additional pension is equal to the average of the three years highest gross compensation received. At the date of payment, the amount of the supplementary pension including, if applicable, amounts derived from other additional defined contribution or defined benefit plans in application within Rexel Développement, any other companies or entities directly or indirectly controlling Rexel Développement or any other companies or entities directly or indirectly controlled by Rexel Développement, may not exceed 12.5% of the reference compensation. If necessary, the supplementary pension amount may be reduced accordingly in order to respect this limit.

The total provision booked by the Company for all employees covered by this supplementary defined-benefit retirement plan amounted to €5.3 million as at December 31, 2008. A hedge asset has been established with an insurance institution to cover this commitment. As at December 31, 2008, the value of this hedge asset was estimated at €2.6 million.

Upon proposal of the Compensation Committee, the Supervisory Board of March 30, 2009 approved a certain number of proposals in order to make the defined-benefit supplementary pension plan consistent with the recommendations issued by the AFEP and the MEDEF in October 2008.

These proposals include in particular:

- The termination of the existing plan as at June 30, 2009, and
- The setting up of a new defined-benefit supplementary pension plan as from July 1, 2009, for which the vesting conditions and the reference compensation have been modified.

Following the implementation of this new retirement plan, the Company will comply with five out of six of the recommendations issued by the AFEP and the MEDEF, compared to three at the present time.

AFEP-MEDEF Recommendations	Current Retirement Plan	New Retirement Plan (as at July 1, 2009)
Eligibility criteria / Seniority	Compliant	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant	Not compliant*
Yearly accrual percentage	Not compliant	Compliant
Period of maximum accrual attainment	Not compliant	Compliant
Reference compensation	Compliant	Compliant
Maximum level of benefits	Compliant	Compliant

* As at July 1, 2009, the total number of beneficiaries would be six, including four corporate officers.

1.3 Organization of the Supervisory Board

1.3.1 Composition of the Supervisory Board

Members of the Supervisory Board

During the year ended December 31, 2008, the Supervisory Board was made up of eleven members appointed for a period of five years: Mr. Roberto Quarta (Chairman), Mr. Patrick Sayer (Deputy Chairman), Eurazeo, represented by Mr. Marc Frappier (replacing Mr. Gilbert Saada since July 16, 2008), Mr. Luis-Marini Portugal, Mr. Djamal Moussaoui, Mr. David Novak, Mr. Guido Padovano, Mr. Joseph L. Rice, Mr. Fritz Fröhlich, Mr. François David and Mr. Joe Adorjan who was appointed by the May 20, 2008 ordinary shareholders' meeting.

Independent members of the Supervisory Board

The Supervisory Board's Rules of Procedure provide the definition and criteria of independence. Thus, independent members of the Supervisory Board must not:

- be employees or corporate officers of the Company or the Group, employees or directors of any shareholder with sole control or control in concert of the Company, as defined by law, or of any company consolidated by the Company within the five previous years;
- be corporate officers of a company of which the Company is directly or indirectly a member of the board or in which the Company has appointed an employee as such or in which a corporate officer of the Company (current or former within the last five years) is a member of the board;
- be a customer (or be directly or indirectly associated with a customer), supplier, banker, or investment banker:
  - material to the Company or the Group, or
  - for whom the Company or the Group represent a significant portion of the business activity;
- be an immediate family member of a corporate officer of the Company or the Group;
- have been an auditor of the Company or any of the Group's companies for the last five years;
- have been a corporate officer of the Company for the last twelve years;
- receive or have received significant additional compensation from the Company or the Group other than attendance fees, including participation in any stock option plan or any other performance-based compensation plan.

As the members of the Supervisory Board directly or indirectly represent the major shareholders of the Company, they may be considered as being independent if the shareholders do not control the Company, as defined by article 233-3 of the French Commercial Code. However, if a member of the Supervisory Board represents a shareholder directly or indirectly owning more than 10% of the share capital or voting rights of the Company, the Supervisory Board, upon its referral by the Appointments Committee, shall automatically investigate the independence of the member, considering the distribution of the Company's share capital and the existence of any potential conflict of interest.

The status of independent member is discussed by the Appointments Committee which prepares a report on this issue. Each year, in the light of this report, the Supervisory Board reviews the situation of each member of the Supervisory Board with regard to independence criteria. Based on this review for the year ended December 31, 2008, three Supervisory board members are independent: Mr. Fritz Fröhlich, Mr. François David and Mr. Joe Adorjan.

1.3.2 Information of the Supervisory Board

Supervisory Board members receive the relevant information and the necessary documents to carry out their duties and to prepare the proceedings. Furthermore, the Supervisory Board carries out reviews and controls as it deems appropriate and can request all documents that it deems necessary to perform its duties.

Moreover, at least once every quarter, the Management Board submits to the Supervisory Board a report on the Company's business activity. The Supervisory Board also reviews and makes observations on the management report prepared by the Management Board.

Finally, the Management Board or the Chairman of the Management Board informs the Supervisory Board members of events or transactions that are significant for the Company and the Group.

1.3.3 Meetings of the Supervisory Board

During the 2008 financial year, the Supervisory Board met nine times, upon having been convened, in accordance with the by-laws and the Rules of Procedure. The average attendance rate was 88%.

During the year ended December 31, 2008, the Board decided *inter alia* on:

- establishment of the annual and consolidated financial statements for the year ended December 31, 2007;
- review of the Management Board's annual report, the *Document de Référence,* and the quarterly reports on business activity;
- organization of the May 20, 2008 shareholders' meeting;
- review of quarterly and half-yearly accounts as well as the related financial communication;
- review of the work carried out by the Supervisory Board Committees;
- review of the development of the Hagemeyer acquisition, its integration into the Group and the assets sale and swap transactions entered into with Sonepar;

- authorization to be given to the Management Board in order to implement one or several free share allotment plans to employees and corporate officers of the Company;
- approval of the execution of amendment n°1 to the Facility Agreement entered into on December 19, 2007;
- review of the recommendations concerning the compensation of corporate officers of companies the shares of which are admitted to trading on a regulated market issued by the AFEP and the MEDEF on October 6, 2008; and
- approval of Group's pan-European securitization plan.

Moreover, the Supervisory Board has been informed of progress on the main projects carried out by subsidiaries of the Group.

1.3.4 Assessment of the operation of the Supervisory Board

In accordance with its Rules of Procedure, the Supervisory Board annually assesses its organization and modes of operation based on a questionnaire given to its members. The responses to this questionnaire are anonymous and discussed at a Supervisory Board meeting which defines, if necessary, any possible avenues for progress.

The findings of this assessment show, on the one hand, that the members of the Supervisory Board are globally satisfied with the organization and the work of the Supervisory Board as well as with the information that is communicated to them and, on the other hand, in order to allow a continuous improvement of the work of the Supervisory Board, certain suggestions in order to improve some of the work processes of the specialized committees.

1.3.5 Specialized committees of the Supervisory Board

In order to carry out its duties properly and facilitate its discussions and decisions, the Supervisory Board has set up four specialized committees responsible for giving their opinion, proposals or recommendations, each in their respective field: an Audit Committee, a Compensation Committee, an Appointments Committee and a Strategic Committee.

The Audit Committee

The Audit Committee was set up on March 1, 2007 and, for the financial year ended December 31, 2008, was made up of five members, two of whom were independent members: Mr. Fritz Fröhlich (Chairman), Mr. David Novak, Mr. Luis Marini-Portugal, Mr. Djamal Moussaoui and Mr. Joe Adorjan, who was appointed to the Audit Committee by the Supervisory Board at its June 5, 2008 meeting.

Its duties are mainly (i) to review and supervise the financial statements, with the final objective of assisting the Management Board in the review and the closing of the annual and half-yearly accounts, (ii) to supervise the statutory auditor's duties, (iii) to supervise internal audit work, (iv) to review the method for drawing up the information to be provided to shareholders and to the market, (v) to review the organization and the implementation of internal control procedures within the Group and (vi) to assist the Strategic Committee in the review of the Group's financial structure.

The Audit Committee met five times during the financial year, of which four times prior to the Supervisory Board meetings convened to decide on the financial statements prepared by the Management Board, and reported on its works to the Supervisory Board.

The Group's Managing Director for Finance, the Financial Audit Manager, the Internal Audit Manager and the statutory auditors have attended each of these meetings.

Its work mainly focused on the review (i) of the annual financial statements for the year ended December 31, 2007 as well as the half-yearly accounts as at June 30, 2008 and the quarterly accounts as at March 31, 2008 and as at September 30, 2008, (ii) of the proper application of accounting principles, (iii) of the tax situation of the Group's subsidiaries, (iv) of the Group's financial liabilities, (v) of main off-balance-sheet items, (vi) of the main financial guidelines, and (vii) of the audit and internal control work.

The statutory auditors have submitted their findings in relation to the audit of the annual financial statements for the year ended December 31, 2007 and the review of the accounts as at March 31, 2008, as at June 30, 2008 and as at September 30, 2008.

The attendance rate at Audit Committee meetings was 91%.

The Compensation Committee

The Compensation Committee was set up on March 1, 2007 and, for the year ended December 31, 2008, was made up of five members, two of whom were independent members: Mr. Guido Padovano (Chairman), Mr. Luis Martini-Portugal, Mr. Roberto Quarta, Mr. François David and Mr. Joe Adorjan, who was appointed to the Compensation Committee by the Supervisory Board at its June 5, 2008 meeting.

Its duties cover mainly the following areas: (i) make recommendations to the Supervisory Board on the remuneration of Management Board members and of Executive Committee members as well as the components of this remuneration (determining the variable components or additional components such as the pension scheme and benefits in kind), (ii) be informed of the penalties considered in the event of the breach in the employment contract by a Management Board member or by a member of the Executive Committee, and provide an opinion in this respect to the Chairman of the Supervisory Board, and (iii) provide an opinion on the policy for the allocation of options to subscribe for shares and/or options to purchase shares and of free shares, relating to all categories of beneficiaries, and make a recommendation on the frequency of such allocations and on the terms and conditions thereof.

During 2008, the Compensation Committee met six times and reported on its works to the Supervisory Board. The major issues on which it focused and reported to the Supervisory Board, were primarily (i) proposals on compensation and allocation of free shares to corporate officers and executives of the Group, (ii) the review of compensation for Supervisory Board members and (iii) the review of the main terms and conditions of an employee shareholding plan.

The attendance rate at Compensation Committee meetings was 85%.

The Appointments Committee

The Appointments Committee was set up on March 1, 2007 and, for the year ended December 31, 2008, was made up of four members, one of whom was an independent member: Patrick Sayer (Chairman), Roberto Quarta, Fritz Fröhlich and Guido Padovano.

Its duties cover mainly the following areas: (i) provide an opinion on the advisability of appointments, dismissals, redundancies, and renewals of the terms of office of the members and of the Chairman of the Supervisory Board, of members and of the Chairman of the Audit, Strategic and Remunerations Committees, of members and the Chairman of the Management Board and of members of the Executive Committee, and provide an opinion on the applications under consideration, in terms of skills, availability, adequacy and complementarity with other members of the Supervisory Board, of the Management Board, or of the Executive Committee, (ii) propose the status of independent member for members of the Supervisory Board, (iii) monitor compliance with the independence criteria, provide an opinion in this respect and advise the Chairman of the Supervisory Board on the number of independent members and (iv) be able to propose at any time a successor for the Chairman of the Management Board or of the Supervisory Board, if necessary.

During 2008, the Appointments Committee met three times and reported on its works to the Supervisory Board. In particular, the Appointments Committee proposed (i) the appointment of two new members to the Executive Committee, (ii) the appointment of a new independent member to the Supervisory Board and (iii) the appointment of a new independent member to the Audit, Compensation and Strategic Committees.

The attendance rate at Appointments Committee meetings was 100%.

The Strategic Committee

The Strategic Committee was set up on March 1, 2007 and, for the financial year ended December 31, 2008, was made up of five members, two of whom were independent members: Mr. David Novak (Chairman), Mr. Patrick Sayer, Mr. François David, Mr. Djamal Moussaoui and Mr. Joe Adorjan, who was appointed to the Strategic Committee by the Supervisory Board at its June 5, 2008 meeting.

The Committee's duties are (i) to review and provide an opinion to the Supervisory Board on the Company's proposed strategic plans and annual budgets prepared by the Management Board; to this effect, the Committee may hear Management Board members regarding the assumptions used in the preparation of the said plans, (ii) to review and provide an opinion to the Supervisory Board on the proposed acquisition or disposal of assets or business lines, as well as on investment expenses, in each case for an enterprise value exceeding the threshold above which these operations are subject to the prior authorization of the Supervisory Board, (iii) to review and provide an opinion to the Supervisory Board on the creation of any business line or subsidiary, investments in any business line or the acquisition of any shareholding, in a country in which the Company does not operate, (iv) to review and provide an opinion to the Supervisory Board on any of the Company's proposed loan or liabilities take-over, for an amount exceeding the limit above which these transactions are subject to the prior authorization of the Supervisory Board, (v) to review and to provide an opinion to the Supervisory Board on all proposed mergers, spin-offs or transfer of assets regarding the Company, (vi) to review and provide an opinion to the Supervisory Committee on any proposed admission for trading of the Company's (or one of its subsidiaries') securities on a regulated market, (vii) to review and provide an opinion to the Supervisory Committee on any transaction giving rise to a significant change in the scope of business of the Company and of its subsidiaries, and (viii) to review, jointly with the Audit Committee, the Group's financial structure.

During 2008, the Strategic Committee met three times and reported on its works to the Supervisory Board. The Strategic Committee primarily focused on acquisition projects which were then proposed to the Supervisory Board.

The attendance rate at Strategic Committee meetings was 100%.

2. IMPLEMENTED INTERNAL CONTROL PROCEDURES

2.1 Group approach

2.1.1 Definition and purposes of internal control

The methods adopted by the Group are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard. In addition, the Audit Department ensured that the standards of the AMF's Groupe de Place are taken into account by the Group's internal control procedures and guidelines.

The Group considers internal control as an ongoing process, which seeks to ensure:

- compliance with laws and regulations;
- implementation of the instructions and orientations set by General Management;
- the proper functioning of internal working processes, in particular those relating to the safeguarding of assets; and
- the reliability of financial information.

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

2.1.2 Group structure and control of subsidiaries by the parent company

The Group is organized by geographic zones. Each of these zones is represented on the Group's Executive Committee by the President of the zone.

Each zone consolidates its subsidiaries located in one or more countries. The management within the zones monitors the subsidiaries and relays instructions and policies defined by the operational departments at the Group's headquarters.

The internal control methods described below constitute a common standard, which must be applied by the management of the zones and their respective subsidiaries. Zone management is responsible for supplementing these methods with local procedures, as the case may be. These methods apply to all consolidated subsidiaries. Their implementation in recently acquired subsidiaries is progressively rolled out during the integration of the subsidiary into the Group. However, considering the size of the Hagemeyer acquisition, extensive resources were allocated to facilitate the prompt appropriation of the Company's internal control methods at the entities previously owned by Hagemeyer (see paragraph 2.3.5 of this report).

2.2 Internal control principles and participants

2.2.1 Principles

The Group's branch network and subsidiaries form a part of a decentralized structure that relies on the responsibility of local managers.

In order to ensure a high level of process controls in its subsidiaries, the Group issues a common standard, composed of control objectives and procedures with which local managers must conform their internal control methods.

2.2.2 Participants

The Management Board, through the Audit Committee, informs the Supervisory Board of the key characteristics of the internal control standard, its implementation within the Group and the steps taken to improve this standard.

The Executive Committee, which is made up of the Management Board, certain executives of the Company and the zone Presidents, meets every six weeks, on average.

The Executive Committee is responsible for the implementation of the objectives set by the Management Board and ensures their application by the subsidiaries. The Committee monitors budget plans and other operational action plans, develops transverse projects and determines objectives in the area of human resources policy.

The Finance, Control and Legal Department is organized around poles of responsibility: (i) finance-treasury-credit management and real property management; (ii) consolidation, financial controls and tax; (iii) legal affairs and insurance; (iv) financial communication and sustainable development; and (v) audit and internal control.

The Human Resources Department is responsible for defining human resources management policy and procedures and ethical standards, and monitors compliance with labor regulations. The Department assists subsidiaries with the allocation of resources and training (supervision of the Rexel Schools, executive career development).

The Business Development Department is responsible for the Group's strategy, external growth transactions, information systems, purchasing, logistics and marketing. The Department monitors, supervises and gets the principal projects in its domain approved (as the case may be, by the Investment Committee).

These three Departments participate in defining and updating the internal control standard. The implementation

of efficient and adequate internal control is among their objectives. A specific steering tool was rolled out in 2006 to structure and render permanent the adoption of the standard by all relevant internal control participants. The implementation of this tool is the responsibility of the Audit Department.

2.3 Overview of the internal control system

2.3.1 Control environment

The control environment is considered as the keystone of the internal control system. At the Company, this is expressed through the importance given to the principle of "responsibility" in the definition of the roles and responsibilities of each person, and in particular, management.

The control environment is favored by the implication of management in promoting ethical conduct. The Group's ethical guidelines, which were translated into 16 languages, were distributed to all employees in 2007.

In addition, as concerns the principle of responsibility, the Management Board approved a market ethics charter on April 4, 2007 in accordance with recommendations from the French *Autorité des marchés financiers* (AMF). This charter was developed to reinforce the rules applicable in the management of risks such as holding, disclosing or potentially using inside information (it being specified that inside information is information that is non-public and specific, and that if made public, could have an effect on share price).

Finally, the principle of "responsibility" is also expressed by the Group's commitment to its environmental and social responsibilities, which are articulated in a sustainable development charter, the promotion of environmental protection measures and raising awareness among our customers and suppliers.

2.3.2 Risk identification, assessment and management

The Group's Audit Department leads risk mapping and management processes.

Used both as identification and monitoring tool, this "mapping" has been improved by meetings with General Management and the Executive Committee. The participation of the headquarters' operational management and zone management provides insight into the more technical risks and those relating to changes in the economy. It also allows the vision of risks to be shared among executive management, provides an understanding of the interaction of different factors and improves the risk awareness of the Group.

Following a risk inventory, an assessment of the potential severity of risks allows for the ranking of risks. Risks are then categorized by level of acceptability and measures existing to limit these risks are identified.

An analysis which began in 2007 and pursued in 2008, identified the most important risks.

This risk analysis covers four areas:

- the economic environment: expansion of markets, price of commodities, the Company's capacity to adapt to changes in the market, relations with customers and suppliers;
- operations: diversification and adaptation of the Company's offering, acquisitions and integrations, efficiency of monitoring processes, operational continuity in case of crisis;
- support activities: project management, adaptation of information systems to operations, legal protection and defense against litigation; and
- human resources: attractiveness of the Company as an employer, staff loyalty, training and adaptation of expertise to the demands of the market, reacting to change.

Several risks were subject to a more thorough investigation and the proposed measures to address them were implemented. These measures have been discussed during the Executive Committee meetings and the conclusions have been presented to the Audit Committee. The objective of the Group is to pursue the documentation, in 2009, of its risk management policy, which is focused on strategic and transversal risks.

Operational risks are managed in priority by countries in collaboration with headquarters' operational management, in accordance with the Group guidelines (see paragraph 2.3.3 of this report).

2.3.3 Internal control guidelines: Procedure manual

The Group has compiled an internal control procedure manual which has been distributed to the management of its operating subsidiaries. For each main process, the manual presents the fundamental risk management and internal control standards that must be observed and integrated into the work process.

For example, the guideline contains 800 controls conceived for an operational subsidiary, divided into the following activities:

- strategic procedures: external growth and development, governance and communication;
- operating procedures: sales, purchasing and logistics; and
- support activities: information systems, human resources, financial and accounting information, tax, legal affairs, property management and insurance.

For certain activities (human resources, legal, IT, consolidation and reporting, treasury and credit management), this manual refers to additional procedures.

As to management reporting and the preparation of financial statements, the Administrative and Financial division has

defined a set of procedures, tools and guidelines that give it the means to ensure the quality and consistency of distributed information. These guidelines are discussed in further detail in paragraph 2.4 of this report.

In accordance with the recommendations given by the Financial Markets Authority in January 2007, the Group ensured that its standards and procedures take into account the "Reference Framework" *(Cadre de Référence)* and its implementation guide.

2.3.4 Information and communication

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

Communication activities are two-fold. On the one hand, communications with the Group's management are made on a regular basis during the main committee meetings. Thus, each quarterly Audit Committee meeting is used to summarize control and internal audit activities performed during the year. The executive and financial committee meetings also served as occasions to mobilize the headquarters' principal mangers and subsidiaries with respect to the importance of conforming our activities with Group standards.

On the other hand, communications with the subsidiaries was conducted on an ongoing and monitored basis during the course of the year, based on the different stages of the Action Plan campaign.

2.3.5 Steering

Internal Control Self Assessment

The Group is engaged in a process to improve its internal control. To carry out this task, it has made available to the management of the subsidiaries a self-assessment tool measuring the compliance of subsidiaries' rules of operation with the procedure manual. This tool also ensures the monitoring of action plans that have been implemented to ensure this compliance. This self-assessment is then shared with the Executive Committee and the operational and functional departments, thus constituting a tool to create awareness about internal controls as well as an assessment tool.

This self-assessment of the Group's subsidiaries was carried out in the first quarter of 2008.

Following the acquisition of the Hagemeyer subsidiaries, the Group carried out a review of internal control which was conducted by its statutory auditors, as part of their legal assignment, and tests on the Group's standards of internal control were carried out within entities representing 94% of the consolidated revenue of the acquired Hagemeyer entities.

Action plans based on these self-assessments (including the review performed by statutory auditors) were created and implemented under the responsibility of local management. The action plans seek to raise each subsidiary to the level of process monitoring adopted by the Group.

The self-assessment process allowed us to identify the following progresses:

- improvement and convergence of information systems;
- control of purchasing and supply processes;
- control of certain sales and customer support operations;
- capitalizing on good legal practices.

These areas of progress are the subject of internal control action plans.

In addition, certain subsidiaries are less mature in their internal control methods, in particular those in the Asia-Pacific zone, Central Europe, the United Kingdom, Ireland and the Benelux countries. The on-going internal control improvement plan aims at taking these entities to the required level.

However, because the self-assessment approach cannot, by its nature, guarantee that the internal control system is applied in an effective manner, the Group supplements the self-assessment initiative with the performance of internal audits.

Internal audit

At the end of 2008, the Internal Audit department included 29 people, 16 of whom are outside of France (located in the United States, Canada, Australia and the United Kingdom). Based on an audit plan presented to the Audit Committee, this department performed in 2008 audits with respect to accounting, financial and operating procedures, as well as audits of the branch networks.

Following each audit, action plans are prepared by the relevant subsidiaries to address the weaknesses revealed in the auditing report.

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

2.4.1 Planning, steering and reporting activities

For each financial year, a budget is set up at the different operational levels and is then validated by the divisions, subsidiaries and geographic zones. The consolidated budget at the Group level is submitted for approval to the Company's Supervisory Board.

This procedure charges the entire organization with responsibility for achieving Group objectives and applies to all subsidiaries consolidated in 2008.

A monthly review of activities, which brings together the Management Board and the management of the geographic zones, allows for the understanding of financial and economic changes with respect to activities, the assessment of operational decision-making, analysis of gaps between objectives and performance, the financial structure control and the monitoring of implementation of action plans. In its review, the Management Board relies on monthly reporting, comments on observed changes and indicators of operational performance. At the subsidiary, Group and geographic zone levels, teams of financial controllers are responsible for monitoring the achievement of objectives and the analysis of accounting and financial information.

Four times per year, forecasts are prepared and compared with budget objectives in order to implement the necessary corrective action. In addition to summarized financial statements (on a consolidated basis and per geographic zones), these forecasts include financial structure control items, in particular forecasts with respect to key ratios set forth in the financing agreements ("covenants").

The monthly reviews of activities and the forecasts are communicated to the members of the Supervisory Board.

Each year, a three-year strategic plan is set up at the operational levels (divisions, subsidiaries) and validated by the geographic zone management. All these items are consolidated and reviewed at the Group level and submitted for approval to the Supervisory Board.

2.4.2 Shared guidelines and preparation of financial statements

Group financial statements are prepared based on information provided by the finance departments of the subsidiaries. These departments are responsible for ensuring that this information conforms to Group standards (accounting methods, account structure, reporting and consolidation manuals) and observance of the detailed instructions issued by the Group's Finance Department.

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

The Group's Administrative and Financial division ensures consistency of the inflow of information from subsidiaries before aggregating the results and consolidation reports. Detailed and documented analyses are performed in order to compare results in accordance with homogeneous parameters (modifications in scope, change, non-recurring operations).

As mentioned in paragraph 2.3 of this report, internal controls relating to accounting and financial information are part of the general internal control system.

Signed in Paris
On March 30, 2009

Roberto Quarta
Chairman of the Supervisory Board

Annex 2

Report of the Statutory Auditors on the Chairman of the Supervisory Board's report

This is a free translation into English of the Statutory Auditors' report on the Chairman of the Supervisory Board's report in the French language and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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92923 Paris-La Défense Cedex
France

Commissaire aux Comptes
Membre de la compagnie
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S.A.S. à capital variable

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Membre de la compagnie
régionale de Versailles

Rexel S.A.

Registered office:
189-193, boulevard Malesherbes – 75017 Paris

Share capital:
€1,279,969,135

Statutory Auditors' report prepared in accordance with Article L.225-235 of the French Commercial Law *(Code de commerce)* on the Report prepared by the Chairman of the Supervisory Board of Rexel S.A.

Year ended December 31, 2008

To the Shareholders,

In our capacity as statutory auditors of Rexel S.A., and in accordance with Article L.225-235 of the French Commercial Law *(Code de commerce),* we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-68 of the French Commercial Law for the year ended December 31, 2008.

It is the responsibility of the Chairman to draw up and submit for approval to the supervisory board a report setting out the internal control and risk management procedures in place within the company and the other information required by Article L.225-68 of the French Commercial Law relating in particular to the corporate governance framework.

It is our responsibility to:

– disclose to you any observations we may have on the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information, and

– certify that the report sets out the other information required by Article L.225-68 of the French Commercial Law, it being noted that it is not our responsibility to verify the accuracy of this other information.

We performed our procedures in accordance with professional guidelines applicable in France.

Information on the internal control procedures relating to the preparation and processing of financial and accounting information

Professional guidelines require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. In particular, these procedures included:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information underlying the information set out in the Chairman's report, and of the relevant documentation;
- obtaining an understanding of how the information contained in the report was prepared and documented;
- considering whether any significant deficiencies in internal control procedures for the preparation and processing of financial and accounting information which we may have identified during our audit have been satisfactorily disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information on the internal control procedures relating to the preparation and processing of financial and accounting information, as contained in the report of the Chairman of the Supervisory Board, prepared in accordance with article L.225-68 of the French Commercial Law.

Other information

We certify that the Report prepared by the Chairman of the supervisory board sets out the other information required by Article L.225-68 of the French Commercial Law.

Paris la Défense and Paris, April 1, 2009

KPMG Audit
Division of KPMG S.A.

Hervé Chopin
Partner

ERNST & YOUNG Audit

Pierre Bourgeois
Partner

Jean Bouquot
Partner

Annex 3

Report of the Supervisory Board to the ordinary and extraordinary Shareholders' Meeting held on May 20, 2009

Ladies, Gentlemen,

Pursuant to Article L.225-68 of the French Commercial Code, we have examined the annual and consolidated financial statements of Rexel (the **"Company"**) for the year ended December 31, 2008 as presented by the Management Board as well as the management report of the Management Board relating to the business activity of the Company and the group, of which the Company is the holding company (the **"Group"**) for the year ended December 31, 2008. We have also reviewed the conclusions of the Audit Committee and of the statutory Auditors regarding the said financial statements.

The Company's annual financial statements for the year ended December 31, 2008 show net profit of €180.1 million. The total balance sheet as at December 31, 2008 amounts to €3,106.9 million. The Company's consolidated financial statements for the year ended December 31, 2008 show sales of €12,861.6 million, gross margin of €3,062.3 million, operating income of €553.4 million, and net income of €231.5 million. The total consolidated balance sheet as at December 31, 2008 amounts to €10,184.9 million.

The annual financial statements and the consolidated financial statements of the Company for the year ended December 31, 2008 as well as the management report of the Management Board do not give rise to any particular comments on our part.

During the financial year ended December 31, 2008, we have kept abreast on a regular basis of the general state of affairs and business of Company and the Group, and we have carried out, as part of our supervisory role, the examinations and controls that we have deemed necessary, in compliance with the law and the by-laws.

As part of these duties, the Supervisory Board and the Special Committees (Audit Committee, Compensation Committee, Appointments Committee and Strategic Committee) have continued to work closely with the Management Board.

In particular, the Supervisory Board has been regularly kept informed of the evolution and the execution of the tender offer initiated at the end of 2007 for the securities of Hagemeyer N.V. (**"Hagemeyer"**). We remind you that, on December 21, 2007 Rexel, through its indirect subsidiary Kelium, initiated a tender offer, which was the subject of a prospectus filed on December 21, 2007 with The Netherlands financial markets authority (AFM), for (i) all of the outstanding shares of Hagemeyer, with a par value of €1.20 each, at a price of €4.85 per share (with coupon) and (ii) all of the subordinated convertible bonds issued and outstanding bearing interest at a fixed rate of 3.50% and maturing in 2012 (the **"Offer"**).

Following the completion of the Offer, on March 19, 2008, Kelium initiated a compulsory squeeze-out procedure in accordance with Dutch regulations. The last day of trading of the shares and of the bonds was April 18, 2008. As at December 31, 2008, Kelium held 99.13% of the ordinary shares of Hagemeyer and 100% of the convertible bonds of Hagemeyer.

In addition, we remind you that on October 23, 2007, Rexel entered into an agreement with Sonepar relating to the transfer to Sonepar of Hagemeyer's businesses (other than those of its ACE division and its minority shareholding in Digital Products International, Inc. in the United States) located in the United States, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China and Southeast Asia (Malaysia, Thailand and Singapore), as well as six branches located in Germany (the **"Assets Sales"**). A separate agreement between Rexel and Sonepar also provided that Rexel would transfer to Sonepar its assets and businesses located in Germany, and that Sonepar would transfer to Rexel its assets and businesses located in Sweden. The other Hagemeyer's businesses, in particular the PPS (Professional Products & Services) business in Belgium, the Czech Republic, Estonia, Finland, Germany (with the exception of six branches), Latvia, The Netherlands, Poland, Russia, Spain et the United Kingdom as well as the ACE business and the minority shareholding in Digital Products International, Inc. in the United States have been retained by the Rexel Group (the **"Retained Entities"**).

All of the Assets Sales and the Assets Swaps were successfully completed as at June 30, 2008. The Retained

Entities have been consolidated in the Group's income statement and statement of changes in cash flows since April 1, 2008 and in the Group's balance sheet since March 31, 2008. Rexel's German activities are, since April 1, 2008, no longer consolidated. Finally, the Swedish activity acquired from Sonepar has been accounted for since June 30, 2008.

During the financial year ended December 31, 2008, the business activity of the Group was also marked in particular by the following events:

- the Group has continued its strategy which aims at developing its market shares. In particular, the Group has acquired many regional distributors, namely ABK in Australia, Beacon Electric Supply in the United States and Suzhou Xidian in China. These acquisitions have enabled the Group to consolidate its market share in regions where it was already present;
- the senior credit agreement, entered into between the Company and certain of its subsidiaries on December 19, 2007 within the context of the Offer for Hagemeyer's securities, was amended on September 22, 2008 primarily in order to (i) reduce the total maximum amount of the bank commitment from €5.4 billion to €3.3 billion and (ii) create a new line of credit called Facility A' with a maximum amount of €60 million with the same characteristics as those of the credit line called Facility A, with the exception of the priority mandatory early repayment of the Facility A' with part of the income from the securitization program which has been implemented with certain Group subsidiaries;
- on December 17, 2008, the Group launched a new securitization program which included the Retained Entities in the United Kingdom, Germany, Spain, Belgium and The Netherlands, as well as Rexel's historical subsidiaries in Spain, Belgium and The Netherlands. This program is for a maximum amount of €600 million and has a duration of 5 years.

Furthermore, we have reviewed the draft resolutions which are submitted for your approval at the ordinary and extraordinary shareholders' meeting of May 20, 2009.

In particular, it is proposed:

- to approve the annual and consolidated financial statements for the year ended December 31, 2008 as well as the allocation of profits for the financial year;
- to approve the related-party agreements that have been entered into in the year ended December 31, 2008;
- to approve the co-option of Mr. Matthew Turner as member of the Supervisory Board to replace Mr. Djamal Moussaoui;
- to acknowledge the management acts of the Management Board during the financial year and to grant their discharge with respect thereto as well as to acknowledge the supervisory duties of the Supervisory Board during the financial year and to grant their discharge with respect thereto;
- to authorize the Management Board to carry out transactions on the shares of the Company and to reduce the Company's share capital by the cancellation of the shares acquired by virtue of the implementation of a share repurchase program;
- to grant new delegations and authorizations to the Management Board for financial matters,
  - (i) a delegation of authority in order to decide the issuance, with upholding of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company,
  - (ii) a delegation of authority in order to decide the issue, with cancellation of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company,
  - (iii) a delegation of authority to increase the amount of issuances, with upholding or cancellation of the shareholders' preferential subscription rights, in the event of oversubscriptions,
  - (iv) an authorization to determine the price of issuances of ordinary shares or securities by way of public offering or offering pursuant to article L.411-2 II of the French Monetary and Financial Code, with cancellation of the shareholders' preferential subscription rights,
  - (v) an authorization to increase the share capital through the issuance of shares or securities conferring access to the capital of the Company with cancellation of the shareholders' preferential subscription rights for the benefit of members of an employee savings plan,
  - (vi) an authorization to proceed with the allocation of free Company shares,
  - (vii) a delegation of powers to decide to issue ordinary shares and securities conferring access to the share capital of the Company, in consideration for contributions in kind granted to the Company and made of shares or securities conferring access to the share capital,
  - (viii) a delegation of authority in order to increase the share capital by the issuance of ordinary shares or securities conferring access to the share capital of the Company in consideration for contributions of securities undertaken as part of a public exchange offer, and
  - (ix) a delegation of authority to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized.

These draft resolutions do not give rise to any particular comments on our part.

Signed in Paris

March 30, 2009

THE SUPERVISORY BOARD

Annex 4

Report of the Management Board to the ordinary and extraordinary Shareholders' Meeting held on May 20, 2009

Ladies, Gentlemen,

The ordinary and extraordinary Shareholders' meeting of Rexel, a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board with a share capital of €1,279,969,135 whose registered office is located at 189-193, boulevard Malesherbes – 75017 Paris, France (the **"Company"**) was convened by the Management Board for May 20, 2009 at 10:30 a.m. at Salons Eurosites George V, located at 28, avenue George V, 75008 Paris, for the purpose of deciding on the proposed resolutions submitted to such meeting (the **"Shareholders' meeting"**).

We present, in this report, the purposes of each of the proposed resolutions submitted for shareholder approval during the Shareholders' meeting.

1. RESOLUTIONS REQUIRING THE APPROVAL OF THE ORDINARY SHAREHOLDERS' MEETING

1.1. Approval of the annual and consolidated financial statements (first and second resolutions)

In the first and second resolutions, we submit for shareholder approval the annual and consolidated financial statements of the Company for the year ended December 31, 2008, as adopted by the Management Board.

The annual financial statements show a net profit of €180,143,870.

The consolidated financial statements show a net profit of €231.5 million.

1.2. Allocation of profits (third resolution)

As a consequence, if the annual and financial statements as presented by the Management Board are approved by the shareholders, we submit for shareholder approval, in the third resolution, the following allocation of profits for the financial year ended December 31, 2008:

Origin of income to be allocated	
– net profits of the financial year	180,143,870 euros
Allocation of profits	
– 5% to the legal reserve	9,007,194 euros
– balance, to carry forward account	171,136,676 euros
Total	**180,143,870 euros**

The financial year's net income is allocated between the legal reserve and the carry forward account. No dividend will be distributed.

The following table shows net dividends per share for the past three financial years:

2007	2006	2005
€0.37	None	None

1.3. Non-deductible charges and expenses (fourth resolution)

In accordance with the provisions of article 223 quater of the French General Tax Code *(Code général des impôts)*, the

total of charges and expenses that are not deductible from taxable income during the financial year ended December 31, 2008, is submitted to the approval of the shareholders. There are no non-deductible charges and expenses for the financial year ended December 31, 2008.

1.4. Related party transactions (fifth and sixth resolutions)

The fifth and sixth resolutions relate to the approval by the Shareholders' meeting of the agreements covered by articles L.225-86 *et seq.* of the French Commercial Code, meaning related party agreements that, prior to their execution, were approved by the Supervisory Board during the financial year ended December 31, 2008. Pursuant to the provisions of article L.225-88 of the French Commercial Code, these agreements that were entered into during the financial year ended December 31, 2008 and were previously authorized by the Supervisory Board and which are detailed hereafter, are listed in a report issued by the statutory auditors of the Company and must be submitted for shareholder approval:

- an agreement called the "Fee Letter" completing and finalizing the terms and conditions of the Equity Commitment Letter signed on November 11, 2007 between Rexel and Clayton Dubilier & Rice Fund VII L.P., Ray France Investment and MLGPE Fund International II L.P. The concerned shareholders would not participate in the vote of this resolution; and
- amendment n°1, dated September 22, 2008, to the senior credit agreement dated December 19, 2007, with Rexel as "Borrower" and "Guarantor" and *inter alia* Kelium as "Borrower" and entered into with a certain number of banks (Calyon, Crédit Industriel and Commercial, HSBC France, ING Bank N.V., London Branch, Natixis and Royal Bank of Scotland plc.). The concerned shareholders would not participate in the vote of this resolution.

We submit these agreements for shareholder approval.

1.5. Approval of the co-option of a member of the Supervisory Board (seventh resolution)

The seventh resolution submits for shareholder approval the ratification of the co-option of Mr. Matthew Turner as member of the Supervisory Board, following the resignation of Mr. Djamal Moussaoui as member of the Supervisory Board. This co-option was decided by the Supervisory Board on March 30, 2009.

1.6. Acknowledgement and approval (eighth resolution)

The eighth resolution proposes to acknowledge and approve the Management Board's management of the Company and the Group during the financial year ended December 31, 2008 and to acknowledge and approve the duties carried out by the members of the Supervisory Board, as defined by the legal and regulatory provisions as well as by the by-laws, for the financial year ended December 31, 2008.

1.7. Share repurchase authorization (ninth resolution)

The ordinary and extraordinary Shareholders' meetings of the Company held on May 20, 2008 authorized the Management Board to carry out transactions with respect to the shares of the Company for a period of 18 months, as from the date of the ordinary and extraordinary Shareholders' meeting.

This authorization was implemented by the Management Board under the conditions described in the annual report. This authorization shall expire in 2009.

As a consequence, the ninth resolution proposes to the shareholders' meeting to authorize the Management Board to repurchase shares of the Company within limits set by the shareholders of the Company and in accordance with applicable laws and regulations. In particular, the authorization which, if necessary, would be granted to the Management Board includes limits with respect to maximum purchase prices (€20), the maximum amount allocated for the implementation of the repurchase plan (€200 million) and the number of shares that may be repurchased (10% of the share capital of the Company at the date of completion of the purchases).

This authorization would last for 18 months and would supersede, for the unused portion, the authorization previously granted to the Management Board.

1.8. Powers (tenth resolution)

The tenth resolution relates to powers that are to be granted in the carrying out of formalities resulting from the shareholders' meeting, in particular, formalities relating to registration and publication.

2. RESOLUTIONS REQUIRING THE APPROVAL OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

2.1. Authorization to grant the Management Board the power to decrease share capital through the cancellation of shares (eleventh resolution)

We propose to shareholders to grant the Management Board the authorization to decrease the share capital through the cancellation of all or part of the shares acquired in the context of any share repurchase program authorized by any shareholders' meeting of the Company which would authorize the implementation of this objective.

The share capital decreases that the Management Board would proceed with pursuant to this authorization would be limited to 10% of the Company's share capital as of the date of the cancellation per 24 month period.

This authorization would be granted for a term of 18 months.

2.2. Financial delegations of authority and authorizations (twelfth to twentieth resolutions)

The twelfth to twentieth resolutions relate to financial delegations of authority and authorizations to be granted to the Management Board.

The extraordinary shareholders' meeting of May 20, 2008 granted to the Management Board the delegations of authority and the authorizations set out in the table attached as Annex 1 to this report, it being noted that this table details the circumstances and the conditions under which the Management Board made use of certain of these authorizations between May 20, 2008 and the date of this report.

Certain authorizations will expire in financial year 2009 and/or have partially been used by the Management Board, upon authorization of the Supervisory Board, in accordance with the by-laws. As a consequence, the amounts remaining available in connection with the delegations of authority and authorizations granted to the Management Board by the extraordinary shareholders' meeting of May 20, 2008 may be insufficient in the event that the Company should decide to undertake one or more issuances of securities.

As a result, it is proposed that the shareholders grant the Management Board new delegations of authority and authorizations in order to give the Company the flexibility to undertake issuances of securities depending on market conditions and on the growth of the group, of which the Company is the holding company (the **"Group"**), and to raise quickly, as the case may be, the financial resources required to implement the development strategy of the Group.

The text of the draft resolutions submitted for shareholder approval relate to:

- Twelfth resolution: a delegation of authority to be granted to the Management Board to, subject to the prior authorization of the Supervisory Board, increase the share capital by issuing, with upholding of the shareholders' preferential subscription rights, shares or securities conferring access to the Company's share capital. This authorization relates to the issuance to the Company's shareholders of shares and/or securities conferring access, whether immediately or in the future, to the Company's share capital, up to the limit of a maximum nominal amount of €800 million (or 160 million of shares with a nominal value of €5). The securities conferring access to the Company's share capital issued pursuant to this delegation may be, *inter alia,* debt securities up to the limit of a maximum nominal amount of €800 million. These limits would be common to certain other delegations and/or authorizations, described below. The subscription price of the shares and/or of the securities that would be issued pursuant to this delegation would be determined by the Management Board.

  This delegation of authority would be granted for a term of 26 months;

- Thirteenth resolution: a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board, to increase the share capital by issuing shares or securities conferring access to the Company's capital, with cancellation of the shareholders' preferential subscription rights. This authorization relates to the issuance by means of a public offering or, under the conditions set forth in article L.225-136 of the French Commercial Code, an offering pursuant to article L.411-2 II of the French Monetary and Financial Code of shares and/or securities conferring access to the Company's share capital, whether immediately or in the future, up to the limit of a maximum nominal amount of €400 million (or 80 million of shares with a nominal value of €5). The securities conferring access to the Company's share capital issued pursuant to this delegation may be, *inter alia,* debt securities up to the limit of a maximum nominal amount of €500 million. These limits would be deducted from the limits set forth in the twelfth resolution described in the preceding paragraph, respectively.

  The issue price of the shares issued pursuant to this delegation shall be at least equal to the minimum provided for by the regulatory provisions in force as at the date of issue (*i.e.,* at the date hereof, the average weighted trading price of the Company's shares over the last three trading days on the Euronext Paris market prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of the first paragraph of article L.225-136-1 and article R.225-119 of the French Commercial Code).

Moreover, the issue price of the securities conferring access to the share capital of the Company, issued pursuant to this delegation, shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, is at least equal, for each share issued as a result of the issue of such securities, to the issue price determined above.

This delegation of authority would be granted for a term of 26 months;

– Fourteenth resolution: a delegation of authority to be granted to the Management Board to, subject to the prior authorization of the Supervisory Board in accordance with the by-laws, increase the amount of the initial issuance decided pursuant to the twelfth and/or thirteenth resolution, with upholding or cancellation of the shareholders' preferential subscription rights, in cases of oversubscriptions (the **"Overallotment Option"**). This delegation of authority aims to enable the Company to satisfy any oversubscription in the event of an issuance of securities reserved for shareholders or a public offering or an offering pursuant to article L.411-2 II of the French Monetary and Financial Code, up to the limit of 15% of the initial issuance, with this limit being deducted from the limit set forth in the twelfth resolution.

  The issue price of the shares or the securities issued pursuant to the Overallotment Option shall correspond to the price of the initial issue decided pursuant to the twelfth resolution and, as the case may be, the thirteenth resolution, as described above.

  This delegation of authority would be granted for a term of 26 months;

– Fifteenth resolution: an authorization to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the by-laws, to determine the price of the issuances made by means of a public offering or an offering pursuant to article L.411-2 II of the French Monetary and Financial Code, with cancellation of the shareholders' preferential subscription rights, in an amount of up to 10% of the share capital per year and under the conditions set forth in the thirteenth resolution, in particular the maximum amount. This delegation aims to enable the Management Board to determine the price of the issuances made by means of a public offering or an offering pursuant to article L.411-2 II of the French Monetary and Financial Code under the conditions defined by the shareholders' meeting, subject to certain limits.

  The maximum nominal amount associated with this authorization would be deducted from the limit set forth in the twelfth resolution.

  The issue price of the shares issued pursuant to this authorization shall be at least equal to the average weighted trading price of the Company's shares during the last trading day on the Euronext Paris market prior to the date of issue, reduced, as the case may be, by a maximum discount of 10%.

  Moreover, the issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, is at least equal, for each share issued as a result of the issue of such securities, to the issue price referred to above.

  This authorization would be granted for a term of 26 months;

– Sixteenth resolution: an authorization to be granted to the Management Board to, subject to the prior authorization of the Supervisory Board in accordance with the by-laws, increase the share capital by issuing shares or securities conferring access, whether immediately or in the future, to the Company's share capital, with cancellation of the shareholders' preferential subscription rights to the benefit of employees of the Group that are members of one or several company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan(s) *(plan d'épargne groupe)* established in common by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French Commercial Code and of article L.3344-1 of the French Labor Code.

  This authorization would be limited to 1.5% of the share capital of the Company, this maximum nominal amount being deducted from the limit set forth in the twelfth resolution and from a limit of 1.5% of the share capital of the Company common to both the sixteenth and seventeenth resolutions.

  The issue price(s) would be determined by the Management Board pursuant to articles L.3332-19 *et seq.* of the French Labor Code.

  This delegation of authority would be granted for a term of 26 months;

– Seventeenth resolution: the Company has, during the previous financial years, already allocated free shares to certain Group employees in the conditions explained in the Company's annual report for the year ended December 31, 2008 and in the Management Board's special report concerning the allocation of free shares for the year ended December 31, 2008.

  The May 20, 2008 extraordinary shareholders' meeting approved the twenty-sixth resolution authorizing the Management Board to grant free shares to the Company's employees and corporate officers. This authorization was used by the Management Board in the conditions set out in the annual report and the Management Board's special report concerning the allocation of free shares for the year ended December 31, 2008.

  In order to continue to associate the greatest number of employees with Group performance, the Management Board is proposing to the shareholders to pursue the policy of annual profit sharing implemented by the Company for the benefit of its employees and corporate officers by authorizing the allocation of free shares to the employees or corporate officers of the Company or the

Group, which may be existing shares or newly-issued shares.

As a consequence, we submit for shareholder approval the seventeenth resolution which aims to authorize, pursuant to articles L.225-129-1 *et seq.* and L.229-197-1 *et seq.* of the French Commercial Code, the Management Board to allocate, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, in one or several occurrences, free existing and/or newly-issued shares of the Company to the employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to the Company under the conditions set forth in articles L.225-197-2 of the French Commercial Code.

The number of shares that may be freely allocated may not exceed 1.5% of the share capital of the Company appraised as at the date of the decision by the Management Board, it being noted that this limit would be deducted (i) from the limit set forth in the twelfth resolution, and (ii) from a limit of 1.5% common to both the sixteenth and seventeenth resolutions.

The shares allocated to their beneficiaries will become vested after a minimum acquisition period of 2 years and the beneficiaries will be required to retain such shares for an additional minimum period of 2 years as from the final allocation of the shares. Notwithstanding the above, for beneficiaries who are not residents on the date of the award, in the event that the allocation of the said shares to certain beneficiaries was vested after a minimum vesting period of 4 years, no additional retention period would apply for such beneficiaries.

This authorization would be granted for a period of 38 months and supersedes all authorizations previously granted to the Management Board;

– Eighteenth resolution: an authorization to be granted to the Management Board to, subject to the prior authorization of the Supervisory Board in accordance with the by-laws, decide to increase the share capital by issuing ordinary shares and securities conferring access to the Company's share capital, whether immediately or in the future, for up to the limit of 10% of the share capital, in consideration for contributions in kind granted to the Company and made up of shares or securities conferring access to the share capital of other companies. The maximum nominal amount associated with this resolution would be deducted from the limit set forth in the twelfth resolution. The Management Board would be granted authority to decide on the valuation of the contribution. This authorization would be granted for a term of 26 months;

– Nineteenth resolution: a delegation of authority to be granted to the Management Board to, subject to the prior authorization of the Supervisory Board in accordance with the by-laws, increase the share capital by issuing shares or securities conferring access to the Company's share capital in consideration for contributions of securities made in connection with a public exchange offer, for up to a maximum nominal amount of €250 million (or 50 million of shares with a nominal value of €5) that would be deducted from the limit set forth in the twelfth resolution. The Management Board would be granted full powers to determine the exchange ratio and, if applicable, the amount of the cash adjustment to be paid. This delegation of authority would be granted for a term of 26 months;

– Twentieth resolution: delegation of authority to be granted to the Management Board to, subject to the prior authorization of the Supervisory Board in accordance with the by-laws, decide on the increase in the share capital by capitalization of share premiums, reserves, profits, or other items that may be capitalized, for up to a maximum nominal amount of €200 million (or 40 million of shares with a nominal value of €5) that would not be deducted from the limit set forth in the twelfth resolution. The Management Board would be granted full powers to determine the amount and nature of the amounts to be capitalized, the number of new shares to be issued and/or the amount by which the nominal value of the existing shares making up the share capital is to be increased. This delegation of authority would be granted for a term of 26 months.

These delegations of authority and authorizations would supersede the unused portions of any prior delegation of authority or authorization with the same purpose.

The Company's policy, when a share capital increase is contemplated, is to favor a share capital increase with upholding of shareholders' preferential subscription rights. Nonetheless, special circumstances could justify cancelling the shareholders' preferential subscription rights, in accordance with their interests.

In addition, the completion of acquisitions fully paid up in shares must also be considered.

The cancellation of the shareholders' preferential subscription rights could also enable the Company to take advantage of occasions presented by the financial markets, especially considering their current situation, and particularly in connection with exchange offers initiated by the Company or the issuance of securities underlying securities issued by the Company or by Group subsidiaries.

With regard to the share capital increase by contribution in kind, the logic is the same, but in a context in which the shares contributed to the Company would not be traded on a regulated market or its equivalent.

2.6. Powers (twenty-first resolution)

The twenty-first resolution relates to the powers to be granted in order to carry out the formalities resulting from the shareholders' meeting, in particular, formalities relating to registration and publication.

Signed in Paris,

March 27, 2009

THE MANAGEMENT BOARD

Annex 1 Delegations and authorizations

Authorization	Duration of authorization and expiration	Maximum nominal amount (in millions of euros)	Date of use	Amount used
Issuance with upholding of preferential subscription rights	26 months	800 (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issuance by way of public offering, with cancellation of the preferential subscription right	26 months	400 (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled (the "Over allotment Option")	26 months	15% of the initial issue (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Determination of price of issuances carried out by way of public offering, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	18 months	1.5% of Rexel share capital at the date of the decision of the Management Board (this maximum nominal amount is to be deducted from the total maximum amount of 800 and is common to the maximum nominal amount mentioned in the authorizations allowing reserved issues of shares to the benefit of financial institutions)	Not applicable	Not applicable
Issuance reserved for financial institutions exclusively in order to implement an employee shareholding plan at the benefit of the employees of certain foreign Rexel Group subsidiaries	18 months	1.5% of Rexel share capital at the date of the decision of the Management Board (this maximum nominal amount is to be deducted from the joint maximum amount of 1.5% of the share capital of Rexel in relation to the issuance reserved for members of a share savings plan and from the total maximum nominal amount of 800)	Not applicable	Not applicable
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable

Authorization	Duration of authorization and expiration	Maximum nominal amount (in millions of euros)	Date of use	Amount used
Issuance in consideration for shares contributed under a public exchange offering	26 months	250 (this maximum nominal amount is to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	200 (this maximum nominal amount is not to be deducted from the total maximum amount of 800)	Not applicable	Not applicable
Issue of subscription or purchase options for Rexel shares	24 months	1.2% (this amount would be separate from the maximum nominal amount of 800 and would make up a maximum common amount along with that specified by the draft resolution relating to the free shares)	Not applicable	Not applicable
Allotment of free shares	38 months	1.2% (this maximum nominal amount would not be to be deducted from the total maximum nominal amount of 800 but would be deducted from the maximum nominal amount applicable to the issuance of stock options)	June 23, 2008	€7,708,600 (*i.e.,* 1,541,720 free shares allotted and 0.60% of Rexel's share capital as of the date of the decision of the Management Board)

Annex 5

Text of the draft resolutions submitted to the ordinary and extraordinary Shareholders' Meeting of May 20, 2009

I. RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2008)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the statutory auditors in relation to the company financial statements for the financial year ended December 31, 2008,

Approved the company financial statements, i.e., the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2008, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €180,143,870.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2008)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the statutory auditors on the company financial statements for the financial year ended December 31, 2008,

Approved the annual financial statements, *i.e.,* the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2008, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €231.5 million.

Third resolution

(Allocation of profit)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to allocate the profits for the year ended December 31, 2008, which amounted to €180,143,870, as follows:

Origin of the income to be allocated	
– profits of the financial year	€180,143,870
Allocation of income	
– 5% to the statutory reserve	€9,007,194
– balance, to the carry forward account	€171,136,676
Total	**€180,143,870**

The Shareholders' meeting decided that no dividend will be distributed.

Rexel has made the following net dividend payments per share in respect of the last three financial years:

2007	2006	2005
€0.37	Not applicable	Not applicable

Fourth resolution

(Approval of non-deductible costs and expenses)

Pursuant to the provisions of article 223 quater of the French General Tax Code, the Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Acknowledged that there are no costs and expenses that are not deductible from taxable income for the financial year ended December 31, 2008.

Fifth resolution

(Authorization of a related-party agreement referred to in article L.225-86 of the French Commercial Code)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2008, which has been authorized by the supervisory board of the Company:

a Fee Letter aiming at complementing and finalizing the terms and conditions of the Equity Commitment Letter entered into on November 11, 2007 between Rexel and Clayton Dubilier & Rice Fund VII L.P, Ray France Investment and MLGPE Fund International II L.P.

Sixth resolution

(Authorization of a related-party agreement referred to in article L.225-86 of the French Commercial Code)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2008, which has been authorized by the supervisory board of the Company:

amendment n°1, dated September 22, 2008, to the Senior Credit Agreement entered into on December 19, 2007, between Rexel as Borrower and Guarantor and *inter alia* Kelium as Borrower, and a number of banks (Calyon, Crédit Industriel et Commercial, HSBC France, ING Bank N.V., London Branch, Natixis and the Royal Bank of Scotland plc.).

Seventh resolution

(Ratification of the co-option of a member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided, in accordance with article L.225-78 of the French Commercial Code, to ratify the co-option of Mr. Matthew Turner as member of the Supervisory Board to replace Mr. Djamal Moussaoui for the remainder of the term of Mr. Djamal Moussaoui's mandate. This co-option was made by the Supervisory Board on March 30, 2009.

Eighth resolution

(Acknowledgement and approval)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Acknowledged and approved the management acts of the members of the Management Board during the financial year ended December 31, 2008 and acknowledged and approved the duties carried out by the members of the Supervisory Board during such financial year, as defined by the legal and regulatory provisions as well as by the by-laws.

Ninth resolution

(Authorization to be granted the Management Board to carry out transactions on the Company's shares)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to authorize the Management Board, with the option to delegate such authorization, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, of articles 241-1 to 241-6 of the General Regulations of the French financial markets authority (the "AMF") and of Regulation N°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement and in accordance with a market ethics charter acknowledged by the AMF;
- setting up any stock option plan for the Company in accordance with articles L.225-117 *et seq.* of the French Commercial Code, any allocation of free shares in connection with any group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code, any allocation of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocation of shares in connection with profit-sharing plans, as well as establishing hedging operations relating to these transactions, in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;

– retaining shares and delivering shares of the Company further to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practice and applicable regulations;
– granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
– cancelling all or part of the shares so repurchased, in accordance with, and subject to the approval of, the eleventh resolution of this Shareholders' meeting;
– any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions. The portion of the program carried out through transactions involving blocks of shares may reach the total amount of the share repurchase program.

This authorization may be implemented within the terms below:
– the maximum number of shares that the Company may purchase under this resolution may not exceed 10% of the shares making up the share capital as at the date of completion of the repurchase of the shares of the Company;
– the number of shares acquired by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of the Company's share capital;
– the total maximum amount allocated to the repurchase of the shares of the Company may not exceed €200 million;
– the maximum purchase price per share of the Company has been set at €20, it being specified that in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares, this maximum purchase price shall be adjusted accordingly by using a coefficient multiplier equal to the ratio between the number of shares making up the share capital prior to the relevant transaction, and the number of shares further to such transaction.

The shares repurchased and retained by the Company will be deprived from voting rights and will not entitle to dividends.

In the event of a public tender offer on the Company's shares paid for in full in cash, the Company will be able to pursue the implementation of its share repurchase program, in compliance with the applicable legal and regulatory provisions.

Full powers were granted to the Management Board, with the option to delegate such powers to any person so authorized in accordance with the legal provisions, to achieve this share repurchase program of the Company's shares, and in particular to give any stock exchange orders, enter into any agreement for the keeping of the purchase and sale registers, make any disclosures to the AMF and any other agencies, prepare any documents, in particular information documentation, allocate and, as the case may be, reallocate, subject to the conditions provided by the law, the shares acquired for the various purposes envisaged, carry out any formalities and, more generally, do as necessary.

This authorization is granted for a term of 18 months as from the date of this Shareholders' meeting.

This authorization shall supersede, to the extent of the unused portion, the authorization granted by the fourteenth resolution of the ordinary and extraordinary Shareholders' meeting of the Company of May 20, 2008.

The Management Board will, every year, inform the Shareholders' meeting of the operations carried out pursuant to this resolution, in compliance with article L.225-211 of the French Commercial Code.

Tenth resolution

(Powers to carry out legal formalities)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, conferred full powers to bearers of originals, copies or extracts of these minutes in order to carry out publication, filing and other necessary formalities.

II. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Eleventh resolution

(Authorization to be granted to the Management Board to carry out a share capital decrease by cancelling shares)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Authorized the Management Board to reduce the share capital, in one or several occurrences, in the proportions and at the times that it shall deem appropriate, by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase programs authorized pursuant to the ninth resolution or prior to the date of this Shareholders' meeting, within the limits of 10% of the share capital of the Company as at the date of the cancellation per period of 24 months, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code.

This authorization is granted for a term of 18 months as from the date of this Shareholders' meeting.

Full powers were granted to the Management Board, with the power to delegate such powers, in order to:

- reduce the share capital by cancellation of the shares;
- determine the final amount of the share capital decrease;
- determine the terms and conditions thereof and acknowledge its completion;
- deduct the difference between the book value of the cancelled shares and their nominal amount from any available reserve and premium accounts;
- and in general, do as necessary for the proper performance of this authorization, amend the by-laws accordingly and carry out any required formalities.

This authorization shall supersede any prior authorization with the same purpose, in particular the authorization granted by the twenty-fifth resolution of the extraordinary Shareholders' meeting of the Company of May 20, 2008.

Twelfth resolution

(Delegation of authority to be granted to the Management Board in order to decide the issuance, with upholding of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French Commercial Code, in particular articles L.225-129-2, L.225-135, L.225-136, L.228-91 to L.228-93 thereof:

1. Delegated its authority to the Management Board, subject to the prior authorization of the supervisory board and in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with legal and regulatory provisions, to decide the issuance, in one or several occurrences, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of shares and/or any securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or for a consideration, governed by articles L.228-91 *et seq.* of the French Commercial Code, the subscription of which may be carried out in cash, in particular by offsetting due and payable receivables, or in part in cash and in part through the incorporation of reserves, profits or issuance premiums;
2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, *inter alia,* debt securities, or be attached to the issue of such securities, or allow the issue thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;
4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €800 million, it being specified that:
   - the maximum nominal amount of the share capital increases that may be carried out pursuant to this delegation, as well as to the thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions, may not exceed such amount of €800 million;
   - this global cap may be complemented, as the case may be, by the additional nominal amount of the

ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €800 million or the equivalent value in euros as at the date of issue, it being specified that:
   – this amount is a global limit which applies to all of the debt securities the issuance of which may be carried out pursuant to the thirteenth and fourteenth resolutions submitted to this Shareholders' meeting;
   – this limit does not apply to debt securities the issue of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French Commercial Code;

6. Decided that, in accordance with the legal provisions and within the conditions determined by the Management Board, the shareholders shall have, in proportion to their number of shares, a preferential subscription right as of right in respect of the ordinary shares and securities conferring access to the share capital issued pursuant to this delegation of authority. The Management Board may establish a preferential subscription right for excess securities at the benefit of the shareholders, which shall be exercised in proportion to their rights and, in any case, to the extent of their applications.

   If subscriptions as of right and, where applicable, for excess securities, do not result in the full subscription of an issuance of shares or securities conferring access to the share capital decided pursuant to this delegation of authority, the Management Board may use, in the order that it deems appropriate, the options provided by article L.225-134 of the French Commercial Code, *i.e.*:
   – limit, where appropriate, the issue to the amount subscribed, subject to the issue reaching at least three-fourths of the issue initially decided;
   – freely allot all or part of the unsubscribed securities among any persons at its discretion; or
   – offer to the public all or part of the unsubscribed shares.

7. Acknowledged that this delegation of authority automatically entails waiver by the shareholders, at the benefit of the holders of securities conferring access to the share capital of the Company, of their preferential subscription right in respect of the ordinary shares of the Company that such securities may entitle to;

8. Decided that the issues of share subscription warrants *(bons de souscription d'actions)* of the Company may be carried out either by subscription in cash under the terms set forth above, or by allocation free of charge to the owners of the existing shares.

   In case of allocation free of charge of individual subscription warrants *(bons autonomes de souscription)*, the Management Board will have the option to decide that the fractional allocation rights are not tradable, and that the relevant securities will be sold;

9. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, *inter alia* in order to:
   – decide on the issuance of the shares, determine the form and characteristics of the shares to be issued and determine the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this resolution will confer access to ordinary shares of the Company;
   – determine all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);
   – determine the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of cancelling such securities or not, taking into account the applicable legal provisions;
   – at its sole option, charge the expenses of the share capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts for the legal reserve; and
   – take all appropriate action and enter into any agreements for such purpose, in particular in view

of the proper performance of the contemplated issuances, acknowledge their completion and amend the by-laws accordingly, and carry out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, apply for any necessary authorizations for the completion and proper performance of these issuances.

10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' meeting.
11. Decided that this delegation of powers shall supersede any previous delegation of power having the same purpose.

Thirteenth resolution

(Delegation of authority to be granted to the Management Board in order to decide the issue, with cancellation of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French Commercial Code, in particular articles L.225-129-2, L.225-135, L.225-136, L.228-91 to L.228-93 thereof:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with legal and regulatory provisions, to decide the issuance, by way of a public offering or, under the conditions set forth in article L.225-136 of the French Commercial Code, an offering pursuant to article L.411-2 II of the French Monetary and Financial Code, in one or several occurrences, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of shares or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, more than 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or for a consideration, governed by article L.228-91 of the French Commercial Code, the subscription of which may be carried out in cash, in particular by offsetting due and payable receivables;
2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, *inter alia,* debt securities, or be attached to the issue of such securities, or allow the issue thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;
4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €400 million, it being specified that:
   - the maximum total nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €800 million determined by the twelfth resolution above;
   - this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €500 million or the equivalent value in euros as at the date of issue, it being specified that:
   - this limit shall be added, if applicable to any redemption premium in excess of the par value; and
   - this amount shall be deducted from the total limit of €800 million for the issue of debt securities determined by the twelfth resolution above;
6. Decided that the preferential subscription right of the shareholders in respect of the securities which may be issued pursuant to this resolution be cancelled, nevertheless the Management Board shall be left with the option to establish, at the benefit of the shareholders, a right of priority as of right and/or for excess shares which does not entitle to the creation of tradable rights, pursuant to the provisions of article L.225-135 of the French Commercial Code;
7. Acknowledged that this delegation of powers entails a waiver by the shareholders of their preferential right to subscribe for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation give right;
8. Decided that:
   - the issue price of the new shares issued shall be determined in accordance with the applicable laws on the date of issue (at the date of this meeting, the

average weighted trading price of the Company's shares over the last three trading days on Euronext Paris prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French Commercial Code);
- the issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above;

9. Decided that, if subscriptions of shareholders and of the public do not result in the full subscription of an issuance of shares or securities conferring access to the share capital as defined above, the Management Board may use, in the order that it deems appropriate, one or several of the options provided by article L.225-134 of the French Commercial Code, *i.e.*:
   - limit, where appropriate, the issue to the amount subscribed, subject to the issue reaching at least three-fourths of the issue initially decided;
   - freely allocate all or part of the unsubscribed securities among any persons at its discretion; or
   - offer to the public all or part of the unsubscribed shares.
10. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* for the purposes of:
    - deciding on the issuance of the shares, determining the form and characteristics of the shares to be issued and the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will confer access to ordinary shares of the Company;
    - determining all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);
    - determine the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of cancelling such securities or not, taking into account the applicable legal provisions;
    - at its sole option, charge the expenses of the share capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts for the legal reserve; and
    - take all appropriate action and enter into any agreements in view of the proper performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledge their completion and amend the by-laws accordingly, and carry out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, apply for any necessary authorizations for the completion and proper performance of these issuances.
11. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' meeting;
12. Decided that this delegation of powers shall supersede any previous delegation of powers having the same purpose.

Fourteenth resolution

(Delegation of authority to be granted to the Management Board to increase the amount of issuances, with upholding or cancellation of the shareholders' preferential subscription rights, pursuant to the twelfth and thirteenth resolutions)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with article L.225-135-1 of the French Commercial Code,

1. Delegated to the Management Board the authority, subject to the prior authorization of the Supervisory

Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide to increase the number of shares or securities to be issued in the context of any issuance undertaken pursuant to the twelfth and thirteenth resolutions above, whenever the Management Board notes that there is an oversubscription, at the same price as that applied to the initial issuance, within a time period and subject to the limitations set forth by the applicable regulations at the date of the issuance (at the date of this Shareholders' meeting, for a period of 30 days as from the closing of the subscription period and within a limit of 15% of the initial issuance), within the overall limit set forth in the twelfth resolution.

2. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' meeting;
3. Decided that this delegation of powers shall supersede any previous delegation of powers having the same purpose.

Fifteenth resolution

(Authorization to be granted to the Management Board to determine the price of issuances of ordinary shares or securities by way of a public offering or an offering pursuant to article L.411-2 II of the French Monetary and Financial Code, with cancellation of the shareholders' preferential subscription rights, within the limit of 10% of share capital per year)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with article L.225-136 of the French Commercial Code:

1. Authorized the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, to carry out any issuance of shares and/or securities conferring access, immediately or in the future, to the share capital of the Company with cancellation of the shareholders' preferential subscription right subject to the conditions, particularly with respect to the amount, set forth in the thirteenth resolution, it being specified that the Management Board may however derogate to the conditions relating to the determination of the price set forth in the abovementioned thirteenth resolution, in accordance with the provisions of article L.225-136 1° §2, and set such price in accordance with the following conditions:
   - the issue price for shares will be at least equal to the weighted average trading price of the Company's shares on the Euronext Paris market on the day preceding the date of issuance, less, as the case may be, a discount of up to 10%;
   - for securities conferring access to the share capital of the Company, the issue price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above;
2. Decided that the maximum nominal amount of any share capital increase resulting from the implementation of this authorization may not exceed 10% of the share capital, over a 12-month period (such share capital to be assessed on the day of the decision by the Management Board determining the price for the issuance) it being specified that this limit shall be deducted from the overall limit of €800 million set by the twelfth resolution;
3. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* for the purposes of entering into any agreements in such respect, in particular in view of the proper performance of any issuance, acknowledge the completion thereof and amend the by-laws accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorizations for the completion and proper performance of any issuance;
4. Decided that this authorization be granted for a term of 26 months as from the date of this Shareholders' meeting;
5. Decided that this authorization shall supersede any previous authorizations having the same purpose.

Sixteenth resolution

(Authorization to be granted to the Management Board to increase the share capital through the issuance of shares or securities conferring access to the capital of the Company with cancellation of the shareholders' preferential subscription rights for the benefit of members of a savings plan)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with the provisions of article L.3332-1 *et seq.* of the French Labor Code, of articles L.225-138 *et seq.* and L.225-129-6 of the French Commercial Code:

1. Authorized the Management Board to increase, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, in one or several occurrences, at its sole option, at the times and

under the terms that it shall determine, the share capital of the Company by the issuance of shares or securities conferring access to the share capital of the Company, reserved for members of one or several company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan(s) *(plan d'épargne groupe)* established in common by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French Commercial Code and of article L.3344-1 of the French Labor Code;

2. Decided to cancel the shareholders' preferential subscription rights in respect of new shares to be issued pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;
3. Decided that the issue price(s) of the new shares or of the securities conferring access to the share capital shall be determined in accordance with the provisions of articles L.3332-19 *et seq.* of the French Labor Code;
4. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 1.5% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board, it being specified that:
   – the global maximum amount of the capital increases that may be carried out pursuant to this authorization and to the seventeenth resolution may not exceed a limit of 1.5% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board;
   – these amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
5. Decided that the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit set by the twelfth resolution of this Shareholders' meeting;
6. Decided, pursuant to the provisions of article L.3332-21 of the French Labor Code, that the Management Board may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee company or group savings plan and/or (ii) if applicable, the discount;
7. Also decided that, should the beneficiaries referred to in the first paragraph above not subscribe the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares; unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;
8. Granted full powers to the Management Board, with the option to delegate or sub delegate such powers, in accordance with the legal and regulatory provisions, to carry out this authorization, and in particular, in order to:
   – determine the eligibility criteria for companies whose employees may benefit from the share capital increases carried out pursuant to this authorization, establishing the list of such companies;
   – determine the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determine the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determine the dates and terms and conditions of payment of the subscribed shares;
   – take any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
   – deduct from the "issuance premiums" account the amount of the expenses relating to these share capital increases and charge, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amend the by-laws accordingly and, in general, carry out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;
9. Decided that the authorization granted to the Management Board pursuant to this resolution shall be effective for a term of 26 months as from the date of this Shareholders' meeting;
10. Decided that this authorization shall supersede the authorization granted to the Management Board by the Shareholders' meeting of the Company of May 20, 2008 in its twentieth resolution, in respect of the unused amount of this authorization.

Seventeenth resolution

(Authorization to be granted to the Management Board to grant free shares to the employees and to the corporate officers of the Company and its subsidiaries)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and of the statutory auditors' special report, in accordance with the provisions of articles L.225-129-1 *et seq.* and L.225-197-1 *et seq.* of the French Commercial Code:

1. Authorized the Management Board to allocate, subject to the prior authorization of the Supervisory Board in

accordance with the provisions of the by-laws, in one or several occurrences, free existing and/or newly-issued shares of the Company to the employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to the Company under the conditions set forth in articles L.225-197-2 of the French Commercial Code;

2. Decided that the Management Board will determine the beneficiaries of the allocations and the number of shares granted to each of them, the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall have the powers to allocate the shares subject to certain individual or collective performance criteria;
3. Decided that the number of free shares that may be granted pursuant to this authorization may not exceed 1.5% of the share capital of the Company appraised as at the date of the decision by the Management Board, subject to the regulatory adjustments necessary to maintain the beneficiaries' rights, it being specified that:
   – this limit shall be deducted from the overall limit set by the twelfth resolution of this Shareholders' meeting;
   – the global maximum amount of the capital increases that may be carried out pursuant to this authorization and to the sixteenth resolution may not exceed limit of 1.5% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board;
4. Decided that the shares allocated to their beneficiaries will become vested after a minimum period of acquisition of 2 years and that the beneficiaries will be required to retain the said shares for an additional minimum period of 2 years as from the final allocation of the shares. Notwithstanding the above, for beneficiaries who are not French residents on the date of the award, in the event that the allocation of the said shares to certain beneficiaries was vested after a minimum vesting period of 4 years, no additional retention period would apply for such beneficiaries;
5. Authorized the Management Board to carry out, as the case may be, during the vesting period, the adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;
6. In the event of free shares being issued, authorized the Management Board to carry out one or several increases in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of the said free shares and acknowledged that this authorization automatically entails the related waiver of the shareholders' preferential subscription rights, to the benefit of the beneficiaries of these shares and to the portion of reserves, profits and premiums thus capitalized, a transaction for which the Management Board benefits from a delegation of authority in accordance with article L.225-129-2 of the French Commercial Code;
7. Granted full powers to the Management Board, with the option to delegate such powers to any duly empowered person, under the conditions set forth in accordance with applicable legal provisions, in order to determine the dates and terms of the allocations and generally take all necessary measures and enter into any agreements in order to successfully complete the contemplated allocations, acknowledge the increase(s) in share capital resulting from any allocation carried out pursuant to this delegation and to amend the by-laws accordingly;
8. Decided that this authorization is granted for a term of 38 months as of the date of this Shareholders' meeting;
9. Decided that this authorization shall supersede the authorization granted by the twenty-seventh resolution of the Shareholders' meeting of the Company of May 20, 2008.

Eighteenth resolution

(Delegation of powers to be granted to the Management Board to decide to issue ordinary shares and securities conferring access to the share capital of the Company within the limit of 10% of the share capital, in consideration for contributions in kind granted to the Company)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with the provisions of article L.225-129 to L.225-129-6 and L.225-147 §6 of the French Commercial Code:

1. Delegated its authority to the Management Board, when the provisions of article L.225-148 of the French Commercial Code are not applicable, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide, based on the report of the valuing auditor(s) *(commissaire(s) aux apports)* referred to in §2 of article L.225-147 referred to above, the issuance of ordinary shares or securities conferring access by any means, immediately or in the future, to shares, existing or to be issued, of the Company as a consideration for the contributions in kind granted to the Company and consisting of shares or securities conferring access to the share capital;
2. Decided that the limit of the global nominal amount of the share capital increase(s) that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 10% of the share capital of the Company appraised as at the date of the decision of the Management Board, it being specified that:
   – this limit shall be deducted from the total nominal limit of €800 million determined by the twelfth resolution of this Shareholders' meeting;

– this limit does not include the nominal amount of the additional shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;

3. Acknowledged that this delegation of powers entails a waiver by the shareholders of their preferential subscription right for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation may give right;
4. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to implement this delegation of authority, *inter alia* in order to:
   – review and approve the report of the valuing auditor(s) *(commissaire(s) aux apports)* referred to in §2 of article L.225-147 of the French Commercial Code,
   – determine the number of shares to be issued in consideration of the contributions as well as the dividend entitlement date of the shares to be issued,
   – deduct, if applicable and if it deems fit, from the relevant premiums, the fees and expenses resulting from the issues and charge against such amounts the amounts necessary to increase the legal reserve to one tenth of the new share capital;
   – acknowledge the final completion of the share capital increases carried out pursuant to this delegation of powers, amend the by laws accordingly, carry out any formalities and declarations and apply for any necessary authorizations for the completion of such contributions;
5. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' meeting;
6. Decided that this delegation of powers shall supersede any previous delegation of powers having the same purpose.

Nineteenth resolution

(Delegation of authority to be granted to the Management Board to increase the share capital by issue of ordinary shares or securities conferring access to the share capital of the Company, in consideration for contributions of shares granted to the Company in the scope of a public exchange offer)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with articles L.225-129-2, L.225-148 and L.228-92 of the French Commercial Code,

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, to decide the issuance of shares of the Company or securities conferring access, immediately or in the future, to shares, existing or to be issued, of the Company, in consideration of the shares contributed in a public exchange offer on the shares of another company admitted to trading on one of the regulated markets referred to in article L.225-148 of the French Commercial Code;
2. Acknowledged that this delegation of authority entails, in accordance with the provisions of article L.225-132 of the French Commercial Code, waiver by the shareholders of their preferential subscription rights with respect to the shares issued in respect of the securities issued pursuant to this delegation of authority;
3. Decided that the limit of the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this delegation shall be €250 million, it being specified that:
   – this amount shall be deducted from the total nominal limit of €800 million determined by the twelfth resolution of this Shareholders' meeting; and
   – that it was determined without taking into account the nominal amount of the shares of the Company that may be issued, as the case may be, pursuant to the adjustments carried out in accordance with the legal and regulatory provisions and, if applicable, to any applicable contractual provisions aiming at maintaining the rights of the holders of securities conferring access to shares of the Company;
4. Decided that the Management Board shall have full powers, in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* in order to:
   – determine the exchange ratios and, if required, the amount of the cash bonus to be paid;
   – record the number of securities tendered for exchange;
   – determine the dates and terms of issue, in particular the price and dividend entitlement date, even if retroactive, of the new shares or, where applicable, of securities conferring access, immediately and/or in the future, to shares of the Company;
   – record the difference between the issue price of new shares and their par value, as a liability item under "Share premium account" in the balance sheet, with rights for all shareholders;
   – charge, as applicable, all costs and fees incurred as a result of the authorized transaction against such "Share premium account" in the balance sheet;
   – in general, take all useful measures and enter into all agreements for the proper performance of the authorized transaction, acknowledge the resulting capital increase(s) and amend the by-laws accordingly.

5. Decided that this delegation of authority is granted for a period of 26 months, as from the date of this Shareholders' meeting;
6. Decided that this delegation of authority shall supersede any previous delegation of powers having the same purpose.

Twentieth resolution

(Delegation of authority to be granted to the Management Board to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and deciding in accordance with the provisions of articles L.225-129, L.225-129-2 and L.225-130 of the French Commercial Code,

1. Delegated its authority to the Management Board, with the option to delegate such powers to any duly empowered person in accordance with the law, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital, in one or several occurrences, to the extent and at the time that it deems appropriate, by successive or simultaneous capitalization of reserves, profits, issue, contribution or merger premiums or any other amounts that may be capitalized in accordance with the law or the by-laws, through the allocation of free shares and/or increase in the nominal value of existing shares;
2. Decided that the nominal amount of the share capital increase that may be carried out pursuant to this delegation may not exceed €200 million, it being specified that:
   – this global limit may be complemented, as the case may be, by the additional amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment,
   – the nominal amount of the share capital increases which may be carried out pursuant to this resolution will not be deducted from the global limit of €800 million determined by set by the twelfth resolution of this Shareholders' meeting;
3. Decided that in the event of a share capital increase in the form of an allocation of free shares and in accordance with the provisions of article L.225-130 of the French Commercial Code, the Management Board may decide that the allocation rights on fractional shares will not be tradable and that the corresponding shares will be sold, with the proceeds of the sale being allocated to the holders of such rights in accordance with legal and regulatory requirements;
4. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, *inter alia* in order to:
   – determine the amount and nature of the amounts to be capitalized;
   – determine the number of new shares to be issued and/or the nominal amount by which the amount of existing shares shall be increased, the date, including a retroactive date, as of which the new shares shall entitle to dividend rights or the effective date of the increase in the nominal value of the shares;
   – acknowledge the completion of each share capital increase and in general, take any action and carry out any required formalities for the proper performance of each share capital increase and amend the by-laws accordingly;
5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this Shareholders' meeting.
6. Decided that this delegation of powers shall supersede any previous delegation of powers having the same purpose.

Twenty-first resolution

(Powers to carry out legal formalities)

The Shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, conferred full powers to bearers of an original, copies or extracts of these minutes in order to carry out any publication, filing and other necessary formalities.

Annex 6

List of publications within the past twelve months

Date	Title
Press releases (available on www.rexel.com)	
January 15, 2008	Appointment to head Rexel's US activities
January 22, 2008	Rexel included in NYSE Euronext next 150 index and eligible for deferred settlement service
January 29, 2008	Laurent Delabarre appointed to the newly created position of Vice President Group Finance
February 1, 2008	Two members to join the future Management Board of Hagemeyer upon successful completion of Rexel's offer
February 14, 2008	Strong growth in profitability and cash flow in 2007
February 18, 2008	Rexel accelerates growth in Asia
February 22, 2008	Acquisition of Hagemeyer cleared by anti-trust authorities
February 27, 2008	Rexel wins the gold cup in the Top Com Corporate 2008 awards
March 7, 2008	Rexel's offer for Hagemeyer successful
March 27, 2008	Rexel obtains 98.67% of Hagemeyer's Shares and 100.00% of Hagemeyer's Bond
March 31, 2008	Rexel presents its enhanced business profile and financial objectives following the acquisition of Hagemeyer
May 15, 2008	Solid first quarter 2008: 3.1% organic growth, robust profitability
June 12, 2008	Rexel continues its sale and leaseback policy with 7 logistics platforms in France
July 1, 2008	Rexel completes ahead of schedule the sale to Sonepar of non-retained Hagemeyer entities and the German / Swedish asset swap
July 31, 2008	Solid first half 2008: robust EBITA margin and strong cash flow generation
September 23, 2008	New appointments at Rexel
September 29, 2008	Etienne Gross appointed General Manager Eastern Europe of Rexel
October 28, 2008	Eric Dumont appointed Vice President, Financial Communication and Sustainable Development
November 12, 2008	Strong cash flow and profitability in the third quarter and 2008 year-to-date
November 27, 2008	Capital increase reserved for employees of the Rexel Group
November 28, 2008	Nicolas Lwoff to leave Rexel on February 12, 2009
December 3, 2008	Implementation of the AFEP-MEDEF guidelines

Date	Title
December 11, 2008	Rexel puts 2008 employees share purchase program on hold
December 23, 2008	Hubert Salmon appointed Vice-President of the Rexel Asia-Pacific zone
BALO publications (available on www.journal-officiel.gouv.fr)	
February 20, 2008	Sales and quarterly positions
April 14, 2008	Shareholders' meeting notice
May 2, 2008	Shareholders' meeting convening notice
May 5, 2008	Annual financial statements
May 21, 2008	Sales and quarterly positions
August 15, 2008	Sales and quarterly positions
August 29, 2008	Annual financial statements
Documents filed with the clerk of the commercial court	
May 20, 2008	Updated by-laws
May 20, 2008	Extract of minutes – Appointment of member of Supervisory Board
July 16, 2008	Letter
July 30, 2008	Extract of minutes – Change of permanent representative

Annex 7

Correlation tables

The following correlation table allows to identify, in this *Document de Référence,* the information required by Regulation (EC) 809/2004 of the European Commission dated April 29, 2004.

Regulation (EC) 809/2004 of the European Commission dated April 29, 2004 – Annex I		*Document de référence*	
N°	**Section**	**Paragraph(s)**	**Page(s)**
1.	PERSONS RESPONSIBLE	18	258
1.1.	Persons responsible for the information contained in the registration document	18.1	258
1.2.	Declaration of persons responsible for the information contained in the registration document	18.2	258
2.	STATUTORY AUDITORS	19	260
2.1.	Statutory auditors	19.1 and 19.2	261
2.2.	Statutory auditors having resigned, dismissed or not reappointed during the relevant period	Not applicable	
3.	SELECTED FINANCIAL DATA	1	7
3.1.	Selected historical financial information	1	7
3.2.	Selected financial information for interim periods	Not applicable	
4.	RISK FACTORS	4	40 to 47
5.	INFORMATION ABOUT THE ISSUER	2	9 to 19
5.1.	History and development of the company	2.1 and 2.2	9 to 13
5.2.	Investments	2.5	18 to 19
6.	BUSINESS OVERVIEW	3	20 to 39
6.1.	Principal activities	3.1	21 to 27
6.2.	Principal Markets	3.2	27 to 31
6.3.	Exceptional factors having influenced the information given pursuant to items 6.1. and 6.2.	3.1 to 3.8	21 to 39
6.4.	Information regarding the extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	3.7	38
6.5.	Basis for any statements made by the issuer regarding its competitive position	General remarks	

Regulation (EC) 809/2004 of the European Commission dated April 29, 2004 – Annex I		*Document de référence*	
N°	Section	Paragraph(s)	Page(s)
7.	ORGANIZATIONAL STRUCTURE	2.3 and 2.4	13 to 18
7.1.	Description of the group and the issuer's position within the group	2.3 and 2.4	13 to 18
7.2.	List of the issuer's significant subsidiaries	2.3 and 2.4	13 to 18
8.	PROPERTY, PLANTS AND EQUIPMENT	3.6, 5.2, 5.3 and 5.4	37 and 58 to 66
8.1.	Existing or planned material tangible fixed assets	3.6	37
8.2.	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	5.2, 5.3 and 5.4	58 to 66
9.	OPERATING AND FINANCIAL REVIEW	6	67 to 79
9.1.	Issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required	6.1 and 6.2	67 to 79
9.2.	Operating Results	6.1 and 6.2	67 to 79
10.	CAPITAL RESOURCES	7	80 to 89
10.1.	Information concerning the issuer's capital resources	7.1 and 7.2	80 to 89
10.2.	Sources and amounts of and narrative description of the issuer's cash flows	7.1	81 to 83
10.3.	Information on the borrowing requirements and funding structure of the issuer	7.2	84 to 89
10.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	7.2	84 to 89
10.5.	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3. and 8.1	7.2	84 to 89
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	3.7	38
12.	TREND INFORMATION	8	90 to 91
12.1.	Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document	8.1	91
12.2.	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	8.2	92
13.	PROFIT FORECASTS OR ESTIMATES	9	93 to 95
13.1.	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	Not applicable	
13.2.	Report prepared by independent accountants or auditors	Not applicable	
13.3.	Profit forecast or estimate prepared on a basis comparable with the historical financial information	Not applicable	
13.4.	Statement setting out whether or not that forecast is still correct as at the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case	9.1	94
14.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	10	96 to 116
14.1.	Information in relation to members of the administrative, management, and supervisory bodies	10.1 to 10.5	97 to 114

Regulation (EC) 809/2004 of the European Commission dated April 29, 2004 – Annex I		*Document de référence*	
N°	Section	Paragraph(s)	Page(s)
14.2.	Administrative, Management, and Supervisory bodies and Senior Management conflicts of interests	10.6, 10.8.6 and 12.2.6	114, 116 and 140 to 143
15.	REMUNERATION AND BENEFITS	11	117 to 129
15.1.	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	11.1	118 to 128
15.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefit	11.2	128 to 129
16.	BOARD PRACTICES	10	96 to 116
16.1.	Date of expiration of the current term of office and period during which the person has served in that office	10.1 and 10.2	97 to 110
16.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement	10.7	114
16.3.	Information about the issuer's audit committee and remuneration committee	10.3	110 to 113
16.4.	Statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime	10.8	115 to 116
17.	EMPLOYEES	5.1 and 12.2	49 to 58 and 132 to 144
17.1	Number of employees at the end of the period or average for each financial year for the period covered by the historical financial information and breakdown of persons employed by main category of activity and geographic location	5.1.1 to 5.1.10	49 to 58
17.2.	Shareholdings and stock options	12.2.4 to 12.2.7	133 to 144
17.3.	Arrangement for involving the employees in the capital of the issuer	5.1.6	53 to 54
18.	PRINCIPAL SHAREHOLDERS	12	130 to 146
18.1.	Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, appropriate negative statement	12.1 and 12.2	131 to 144
18.2.	Different voting rights, or appropriate negative statement	12.3	144
18.3.	Direct or indirect ownership or control of the issuer	10.8 and 12.4	115 to 116 and 144
18.4.	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	12.5	145 to 146
19.	RELATED PARTY TRANSACTIONS	13	147 to 153
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	14	154 to 238
20.1.	Historical financial information	14.1	155 to 228
20.2.	Pro forma financial information	14.2	228 to 231
20.3.	Financial statements	14.1	155 to 228
20.4.	Auditing of historical annual financial information	14.4	232
20.5.	Age of latest audited financial information	14.1	155 to 228
20.6.	Interim and other financial information	Not applicable	
20.7.	Dividend policy	14.5	233

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20.8.	Legal proceedings and arbitration	14.6	233 to 238
20.9.	Significant changes in the issuer's financial or trading position	14.7	238
21.	ADDITIONAL INFORMATION	15	239 to 254
21.1.	Share capital	15.1	240 to 246
21.2.	Memorandum of association and by-laws	15.2	246 to 254
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24.	DOCUMENTS AVAILABLE TO THE PUBLIC	17	256 to 257
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The following correlation table allows to identify, in this *Document de Référence,* the information that are comprised in the annual financial report to be published pursuant to the articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the General rules of the French *Autorité des marchés financiers.*

Annual financial report		*Document de référence*	
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3.	Management report		
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	Analysis of the evolution of the business	3, 5, 8	20 to 39, 48 to 66 and 90 to 91
	Analysis of the results	6	67 to 79
	Analysis of the financial situation	6 and 7	67 to 79 and 80 to 89
	Main risks and uncertainties	4	40 to 47
	Table regarding current delegations and authorizations	15.1.1	240 to 242
3.2	Information referred to in article L.225-100-3 of the French Commercial Code		
	Elements that may have an impact in case of tender offer	10, 11, 12 and 15	96 to 116, 117 to 129, 130 to 146 and 239 to 254
3.3	Information referred to in article L.225-211 §2 of the French Commercial Code		
	Share repurchase plan	15.1.3	242 to 244
4.	Declaration of persons responsible for the information contained in the registration document	18	258
5.	Report of the Statutory Auditors on the annual financial statements	14.1.2.2	227 and 228
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7.	Statutory Auditors' fees	14.3	232
8.	Report of the Chairman of the Supervisory Board on the functioning of the Supervisory Board and on internal controls for the financial year 2008	Annex 1	262 to 277
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