OFFERING MEMORANDUM **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

REXEL

€150,000,000 5.125% Senior Notes due 2020

to be consolidated and form a single series with the €500,000,000 5.125% Senior Notes due 2020 to be issued on or about April 3, 2013

Rexel, incorporated in the Republic of France as a *société anonyme*, or company with limited liability, with a Management Board and Supervisory Board (the "Issuer" or "Rexel"), is offering €150,000,000 principal amount of its 5.125% Senior Notes due 2020 (the "Additional Euro Notes"). The Additional Euro Notes offered hereby will have terms and conditions identical to those that apply to the €500,000,000 principal amount of 5.125% Senior Notes due 2020 that Rexel will issue on or about April 3, 2013 (the "Original Euro Notes", and together with the Additional Euro Notes, the "Euro Notes"), and will be issued concurrently therewith. In addition, on or about April 3, 2013, Rexel will issue $500,000,000 principal amount of its 5.250% Senior Notes due 2020 (the "Dollar Notes" and, together with the Original Euro Notes, the "Original Notes"). As used in this offering memorandum, the term "Notes" refers to the Euro Notes (comprised of the Original Euro Notes and the Additional Euro Notes) and the Dollar Notes.

The Original Notes were offered pursuant to an offering memorandum dated March 20, 2013, (the "original offering memorandum") which is attached to this supplement and forms a part hereof (together with this supplement, the "offering memorandum"). This supplement (i) supersedes the information in the original offering memorandum to the extent inconsistent with the information in the original offering memorandum and (ii) supplements the information contained in the original offering memorandum so that any statement contained in the original offering memorandum will be deemed to be modified to the extent that a statement in this document modifies such statement. Unless otherwise indicated, terms used but not defined in this supplement have the meanings assigned to such terms in the original offering memorandum. Investors should read this offering memorandum in its entirety in connection with a decision to invest in the Additional Euro Notes.

The Additional Euro Notes will be issued pursuant to the indenture, to be dated on or about April 3, 2013, under which the Original Notes will be issued, and will have terms and conditions identical to those that apply to, and be consolidated with and form a single series with, the Original Euro Notes in all respects, including without limitation in respect of interest payments, waivers, amendments, redemptions and offers to purchase. As of their issuance, the Additional Euro Notes will share the same ISIN numbers and common codes as the Original Euro Notes, and will be fungible with the Original Euro Notes.

Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15 each year, commencing on December 15, 2013. Interest on the Notes will accrue from their date of issue. The Notes will mature on June 15, 2020.

The Notes will be senior unsecured obligations of Rexel. The Notes will rank equally with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt. The Notes will be effectively subordinated to all secured indebtedness of Rexel to the extent of the value of the assets securing such indebtedness and to all obligations of its subsidiaries.

The Issuer may, at its option, redeem either or both series of the Notes in whole or in part at any time prior to June 15, 2016, at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the Issuer may, at its option, redeem either or both series of the Notes in whole or in part at any time by paying the

applicable redemption price set forth in this offering memorandum. In addition, at any time until June 15, 2016, the Issuer may redeem up to 40% of the principal amount of either or both series of the Notes with the net proceeds from one or more specified equity offerings. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of either or both, as applicable, series of the Notes. In addition, holders of the Notes may cause the Issuer to redeem the Notes, as applicable, at a redemption price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if the Issuer undergoes specific kinds of changes of control.

Application has been made to have the Euro Notes, including the Additional Euro Notes, admitted to listing on the official list of the Luxembourg Stock Exchange (the "Official List") and admitted to trading on the Euro MTF market. References in this offering memorandum to the Notes being "listed" (and all related references) shall refer to the admission of the Notes to the Official List and to trading on the Euro MTF market.

Investing in the Additional Euro Notes involves risks. You should carefully consider the risk factors beginning on page 16 of this offering memorandum before investing in the Additional Euro Notes.

The Euro Notes will be deposited with and registered in the name of a common depositary for the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream"). Beneficial interests in the Euro Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. Except as described herein, Euro Notes in definitive form will not be issued. It is expected that delivery of the beneficial interests in the Euro Notes will be made through Euroclear and Clearstream, on or about April 3, 2013 or such later date as agreed between the Issuer and the Initial Purchasers (as such term is defined under "Plan of Distribution"). See the section entitled "Book-Entry, Delivery and Form" in this supplement.

Issue Price: 101.000%

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold within the United States only to "qualified institutional buyers" in reliance on the exemption from registration provided by Rule 144A under the Securities Act ("Rule 144A") and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). **You are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** See the section(s) entitled "Plan of Distribution," "Notice to Certain Investors" and "Transfer Restrictions" in this offering memorandum for additional information about eligible offerees and transfer restrictions.

Joint Lead Bookrunners

BNP PARIBAS
Global Coordinator

Crédit Agricole CIB **HSBC** **ING** **J.P. Morgan** **Natixis** **Société Générale**

Joint Bookrunners

BofA Merrill Lynch **Barclays** **CM-CIC**

Co-Lead Managers

BB Securities **BayernLB** **Mediobanca**

The date of this offering memorandum is March 26, 2013.

NOTICE TO INVESTORS

This offering memorandum is strictly confidential. This offering memorandum has been prepared solely for use in connection with, and prospective investors are authorized to use this offering memorandum only in connection with, a private placement of the Additional Euro Notes by Rexel to "qualified institutional buyers" within the United States under Rule 144A under the Securities Act and outside the United States to persons that are not U.S. persons (within the meaning of Regulation S under the Securities Act) under Regulation S under the Securities Act. Rexel and the Initial Purchasers reserve the right to reject any offer to subscribe for the Additional Euro Notes for any reason. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum, or use any information herein for any purpose other than considering subscribing for the Additional Euro Notes. You agree to the foregoing by accepting delivery of this offering memorandum.

THE ADDITIONAL EURO NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. SEE THE SECTIONS ENTITLED "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS*" IN THIS OFFERING MEMORANDUM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

No person has been authorized to give any information or to make any representations in connection with the offering or sale of the Additional Euro Notes other than as contained in this offering memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by Rexel, the Initial Purchasers, any of their affiliates or any other person. None of Rexel, the Initial Purchasers or any of their affiliates or representatives is making any representation to any recipient of the Additional Euro Notes regarding the legality of an investment by such purchaser of the Additional Euro Notes under appropriate legal investment or similar laws. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Rexel or its subsidiaries since the date hereof or that the information contained herein is correct and complete as of any time subsequent to the date of the offering memorandum except as otherwise described herein.

Rexel has prepared this offering memorandum and is solely responsible for its contents. You are responsible for making your own examination of Rexel and your own assessment of the merits and risks of investing in the Additional Euro Notes. Rexel has summarized certain documents and other information in a manner it believes to be accurate. However, Rexel refers you to the actual documents for a more complete understanding of the matters discussed in this offering memorandum. Where information has been sourced from a third party, we confirm that this information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been included, its source has been cited, except as otherwise indicated herein.

To the best of the knowledge and belief of Rexel, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts

and does not omit anything likely to affect the import of such information. Rexel accepts responsibility for the information contained in this offering memorandum accordingly.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, any of its affiliates, or any of the Initial Purchasers. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date.

The information contained in this offering memorandum has been furnished by the Issuer and other sources we believe to be reliable. This offering memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision to invest in the Additional Euro Notes. The contents of this offering memorandum is not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Additional Euro Notes. In making an investment decision, investors must rely on their own examination of the Issuer and its respective affiliates, the terms of the offering of any of the Additional Euro Notes and the merits and risks involved.

No representation or warranty, express or implied, is made by the Initial Purchasers or any of their respective affiliates, advisors or selling agents, nor any of their respective representatives, as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by any of them, whether as to the past or the future.

By accepting delivery of this offering memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Additional Euro Notes. This offering memorandum may only be used for the purpose for which it was published. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "Book-entry, Delivery and Form" in the original offering memorandum and related information in this supplement, is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream or their participants.

Rexel will not, nor will any of its agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their participants under the rules and procedures governing their operations, nor will Rexel or its agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

The Additional Euro Notes are subject to restrictions on transferability and resale, which are described in the section(s) entitled "Plan of Distribution" and "Transfer Restrictions" in this offering memorandum. By possessing this offering memorandum or purchasing any Additional Euro Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Investors are urged to pay careful attention to the risk factors described under the section "Risk Factors" in this offering memorandum, as well as the other information in this offering memorandum and its Annexes, before making their investment decision. The occurrence of one or more of the risks described herein or therein could have an adverse effect on Rexel's activities, financial condition, results of operations or prospects. Furthermore, other risks not yet identified or not considered significant by Rexel could have adverse effects on Rexel's activities, financial condition, results of operations or prospects, and investors may lose all or part of their investment in the Additional Euro Notes.

STABILIZATION

In connection with the issue of the Euro Notes (including the Additional Euro Notes), BNP Paribas (the "Stabilizing Manager") (or any person acting on behalf of the Stabilizing Manager) may over allot Euro Notes or effect transactions with a view to supporting the market price of the Euro Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization activities. Any stabilization activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Euro Notes is made and, if begun, may be ended at any time, but they must end no later than the earlier of 30 days after the issue date of the Euro Notes and 60 days after the date of the allotment of the Euro Notes. Any stabilization activities or over allotment must be conducted by the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN INVESTORS

General

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Additional Euro Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this offering memorandum and the offer or sale of the Additional Euro Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required to inform themselves about and to observe any such restrictions.

No action has been taken in any jurisdiction that would permit a public offering of the Additional Euro Notes. No offer or sale of the Additional Euro Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Additional Euro Notes or possess this offering memorandum.

For a description of certain restrictions relating to the offer and sale of the Additional Euro Notes, see the section(s) entitled "Plan of Distribution" in this offering memorandum. Rexel accepts no liability for any violation by any person, whether or not a prospective purchaser of the Additional Euro Notes, of any such restrictions.

United Kingdom

This offering memorandum is only being distributed to and are only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Additional Euro Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Additional Euro Notes will be engaged only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

EEA

This offering memorandum has been prepared on the basis that all offers of the Additional Euro Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in member states ("Member States") of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Additional Euro Notes. Accordingly, any person making or intending to make any offer of the Additional Euro Notes within the EEA should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we, nor the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Additional Euro Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Additional Euro Notes contemplated in this offering memorandum.

With respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no measure has or will be taken in view of permitting an offer to the public of the Additional Euro Notes entailing the need for the publication of a prospectus in any Relevant Member State. Accordingly, the Additional Euro Notes may be offered in Relevant Member States only:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or

(c) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Additional Euro Notes to the public" in relation to any Additional Euro Notes in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Additional Euro Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Additional Euro Notes, as this definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means directive 2010/73/EU.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive.

This offering memorandum has been prepared on the basis that all offers of the Additional Euro Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Relevant Member States, from the requirement to produce a prospectus for offers of the Additional Euro Notes. Accordingly, any person making or intending to make any offer within the European Economic Area of the Additional Euro Notes that are the subject of the placement contemplated in this offering memorandum should only do so in circumstances in which no obligation arises for Rexel or the Initial Purchasers to produce a prospectus pursuant to Article 3(2) of the Prospectus Directive for such offer. Neither Rexel nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Additional Euro Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitutes the final placement of the Additional Euro Notes contemplated in this offering memorandum.

France

This offering memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this offering memorandum or any other offering material relating to the Additional Euro Notes has not been and will not be filed with the French *Autorité des marchés financiers* (the "AMF") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Additional Euro Notes that has been approved by the AMF or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the AMF; no Additional Euro Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this offering memorandum and any other offering material relating to the Additional Euro Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed, directly or indirectly, to the public in France; offers, sales and distributions of the Additional Euro Notes have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account, all as defined in, and in accordance with, Articles L. 411-1,

L. 411-2, D. 411-1 to D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Additional Euro Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Australia and Japan

The Additional Euro Notes may not be offered, sold or purchased in Australia or Japan.

THE ADDITIONAL EURO NOTES

The Additional Euro Notes will be issued pursuant to the indenture, to be dated on or about April 3, 2013, under which the Original Notes will be issued, and will have terms and conditions identical to those that apply to, and be consolidated with and form a single series with, the Original Euro Notes in all respects, including without limitation in respect of interest payments, waivers, amendments, redemptions and offers to purchase.

The Euro Notes, comprised of the Original Euro Notes and the Additional Euro Notes, will initially be issued in the form of one fully registered Rule 144A Global Note and one fully registered Regulation S Global Note. The Euro Notes will be delivered in book-entry form through the facilities of Euroclear and Clearstream and their participants. The Additional Euro Notes will share the same ISIN numbers and common codes as the Original Euro Notes (as set out below) and will be fungible with the Original Euro Notes.

Code	Rule 144A Global Note	Regulation S Global Note
ISIN	XS0908821985	XS0908821639
Common Code	090882198	090882163

The policies and practices of Euroclear and Clearstream may prohibit transfers of unrestricted Book-Entry Interests in the Regulation S Global Notes to Book-Entry Interests in the 144A Global Notes prior to the expiration of 40 days after the date of issuance of the Notes.

USE OF PROCEEDS

In connection with the offering of the Additional Euro Notes, Rexel will receive net proceeds of approximately €150.1 million after deduction of costs and underwriting commissions. In connection with the offering of the Original Notes, Rexel will receive net proceeds of approximately €871.4 million[(1)] after deduction of costs and underwriting commissions.

Rexel will use the net proceeds of the offering of the Original Notes and the Additional Euro Notes for the redemption of the 8.25% Notes as part of the Refinancing Transactions and for general corporate purposes. We expect to use approximately €656.6 million to redeem the 8.25% Notes, which will be redeemed at a price of 100% of the principal amount thereof plus the applicable make-whole premium (the amount of which will be determined three business days prior to the redemption date), as set forth in the trust deed governing the 8.25% Notes, plus accrued and unpaid interest to the redemption date.

(1) Reflects the equivalent in euros of the Dollar Notes, converted at a €/$ rate of 1.294 (the closing exchange rate on March 25, 2013).

CAPITALIZATION

The following table sets forth Rexel's cash and cash equivalents, total financial debt and total capitalization as at December 31, 2012 on an historical basis and as adjusted to reflect the completion of the sale and issuance of the Original Euro Notes, the Additional Euro Notes and the Dollar Notes, and to give effect to the Refinancing Transactions (as defined under "Certain Definitions" on page vii of this offering memorandum).

You should read this table in conjunction with the section entitled "Use of Proceeds" in this offering memorandum, Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2012 Reference Document Extracts included herein as Annex A to this offering memorandum, and Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum.

	As at December 31, 2012		
In millions of euros	**Actual**	**Adjustments**	**As Adjusted**[1]
Securitization programs	1,099.5	—	1,099.5
Finance lease obligations	82.3	—	82.3
Senior credit facilities	25.9[2]		25.9
Senior Notes	1,504.3	(630.0)[3]	874.3
Commercial paper	114.8		114.8
Bank loans	60.0	—	60.0
Bank overdrafts and other credit facilities	77.6	—	77.6
Accrued interests	9.4		9.4
Dollar Notes	—	386.5[4]	386.5
Original Euro Notes and Additional Euro Notes offered hereby	—	650.0	650.0
Less transaction costs	(43.1)	(19.2)[5]	(62.3)
Total Financial Debt and Accrued Interest	**2,930.8**	**387.3**	**3,318.1**
Cash and cash equivalents	(291.9)	(367.4)	(659.2)
Fair value hedge derivatives	(39.8)		(39.8)
Total Net Financial Debt	**2,599.2**	**20.0**[6]	**2,619.1**
Total Equity	**4,117.6**	**(12.7)**[7]	**4,104.9**
Total Capitalization	**6,716.8**	**7.2**	**6,724.0**

(1) This column presents the Rexel Group's capitalization on a consolidated basis and on an as adjusted basis to give effect to the Refinancing Transactions.

(2) Amount of borrowings outstanding at December 31. 2012 under a bilateral credit agreement dated July 28, 2010, which was terminated on March 15, 2013 pursuant to the Refinancing Transactions and repaid through a drawing under the Senior Credit Facility. As a result, we have €1,074.1 million of undrawn availability under the Senior Credit Facility.

(3) In connection with the redemption of the 8.25% Notes at their make-whole redemption price, this amount consists of approximately €586.3 million for the par amount of the redemption price of the 8.25% Notes and €43.7 million for the write-back of fair value adjustments on the 8.25% Notes. See Note 20.1.1 to Rexel's consolidated financial statements for the year ended December 31, 2012 for a discussion of such fair value adjustments. The redemption date of the 8.25% Notes will be on or about April 17, 2013.

(4) Reflects the equivalent in euros of the Dollar Notes offered hereby, converted at a €/$ rate of 1.294 (the closing exchange rate on March 25, 2013).

(5) Reflects the capitalization of transaction costs relating to the Notes of €16.5 million and to the Senior Credit Facility of €13.9 million after deducting the amortization of transaction costs of €9.7 million with respect to the 8.25% Notes that will be redeemed as part of the Refinancing Transactions, and the €1.5 million premium in relation to the issuance of the Additional Notes at an issue price of 101%.

(6) Consists of €54.0 million for the make-whole premium payable in connection with the redemption of the 8.25% Notes and €9.7 million for the write-back of transaction costs in connection with the redemption of the 8.25% Notes after deducting the fair value adjustments on the 8.25% Notes of €43.7 million. This make-whole premium amount is an assumed amount calculated based on the applicable Bund rate as of March 25, 2013 and an assumed redemption date of April 17, 2013. The actual make-whole premium amount will be calculated, in accordance with the trust deed pursuant to which the 8.25% Notes were issued, based on the applicable Bund rate three business days prior to the actual redemption date, currently expected to be April 17, 2013.

(7) Effect of Refinancing Transactions net of tax (at the assumed statutory rate of 36.1%), including in particular the tax costs and income generated by the payment of the make-whole premium, the reversal of fair value adjustments and the write-back of capitalized transaction costs.

PLAN OF DISTRIBUTION

The information set forth on pages 118 to 123 of the original offering memorandum under the caption "Plan of Distribution" is updated as set out below.

The Issuer and the initial purchasers of the Additional Euro Notes named therein and below (the "Initial Purchasers") have entered into a purchase agreement dated the date hereof with respect to the Additional Euro Notes (the "Additional Euro Notes Purchase Agreement"), on terms substantially identical to those described in connection with the initial sale of the Original Euro Notes in the section entitled "Plan of Distribution" in the original offering memorandum.

Subject to the terms and conditions set forth in the Additional Euro Notes Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Additional Euro Notes in the proportions set out below:

Initial Purchaser:	Principal amount of Additional Euro Notes to be purchased:
BNP Paribas	€14,250,000
Crédit Agricole Corporate and Investment Bank	€14,250,000
HSBC Bank plc.	€14,250,000
ING Bank N.V., London Branch	€14,250,000
J.P. Morgan Securities plc	€14,250,000
Natixis	€14,250,000
Société Générale	€14,250,000
Merrill Lynch International	€14,250,000
Barclays Bank PLC	€14,250,000
CM-CIC Securities	€14,250,000
BB Securities Ltd.	€2,500,000
Bayerische Landesbank	€2,500,000
Mediobanca Banca di Credito Finanziario S.p.A.	€2,500,000
Total	€150,000,000

The Additional Euro Notes will otherwise be distributed in a manner consistent with the Original Euro Notes as described in the section entitled "Plan of Distribution" in the original offering memorandum.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, certain of the Joint Lead Managers or their affiliates are parties to the Senior Facilities Agreement and certain of our securitization programs.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary

risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Additional Euro Notes offered hereby. Any such short positions could adversely affect future trading prices of the Additional Euro Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

OFFERING MEMORANDUM

NOT FOR GENERAL CIRCULATION IN THE UNITED STATES

REXEL

$500,000,000 5.250% Senior Notes due 2020
€500,000,000 5.125% Senior Notes due 2020

Rexel, incorporated in the Republic of France as a *société anonyme*, or company with limited liability, with a Management Board and Supervisory Board (the "Issuer" or "Rexel"), is offering $500,000,000 of its 5.250% Senior Notes due 2020 (the "Dollar Notes") and €500,000,000 of its 5.125% Senior Notes due 2020 (the "Euro Notes" and, together with the Dollar Notes, the "Notes"). Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15 each year, commencing on December 15, 2013. Interest on the Notes will accrue from their date of issue. The Dollar Notes and the Euro Notes will mature on June 15, 2020.

The Notes will be senior unsecured obligations of Rexel. The Notes will rank equally with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt. The Notes will be effectively subordinated to all secured indebtedness of Rexel to the extent of the value of the assets securing such indebtedness and to all obligations of its subsidiaries.

The Issuer may, at its option, redeem either or both series of the Notes in whole or in part at any time prior to June 15, 2016, at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the Issuer may, at its option, redeem either or both series of the Notes in whole or in part at any time by paying the applicable redemption price set forth in this offering memorandum. In addition, at any time until June 15, 2016, the Issuer may redeem up to 40% of the principal amount of either or both series of the Notes with the net proceeds from one or more specified equity offerings. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of either or both, as applicable, series of the Notes. In addition, holders of the Notes may cause the Issuer to redeem the Notes, as applicable, at a redemption price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if the Issuer undergoes specific kinds of changes of control.

Application has been made to have the Dollar Notes and Euro Notes admitted to listing on the official list of the Luxembourg Stock Exchange (the "Official List") and admitted to trading on the Euro MTF market. References in this offering memorandum to the Notes being "listed" (and all related references) shall refer to the admission of the Notes to the Official List and to trading on the Euro MTF market.

Investing in the Notes involves risks. You should carefully consider the risk factors beginning on page 16 of this offering memorandum before investing in the Notes.

The Dollar Notes will be issued in book-entry form in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC") and the Euro Notes will be deposited with and registered in the name of a common depositary for the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream"). Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream and their participants. Except as described herein, Notes in definitive form will not be issued. It is expected that delivery of beneficial interests in the Dollar Notes will be made through the facilities of DTC and its participants, including Euroclear and Clearstream, and that delivery of the beneficial interests in the Euro Notes will be made through Euroclear and Clearstream, in each case on or about April 3, 2013 or such later date as agreed between the Issuer and the Initial Purchasers (as such term is defined under "Plan of Distribution"). See "Book-Entry, Delivery and Form".

Issue Price for Dollar Notes: 99.981%, plus accrued interest, if any, from Issue Date.

Issue Price for Euro Notes: 99.982%, plus accrued interest, if any, from Issue Date.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold within the United States only to "qualified institutional buyers" in reliance on the exemption from registration provided by Rule 144A under the Securities Act ("Rule 144A") and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). **You are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** See "Plan of Distribution", "Notice to Certain Investors" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

Joint Lead Bookrunners

BNP PARIBAS
Global Coordinator for the Euro-denominated Notes

J.P. Morgan
Global Coordinator for the Dollar-denominated Notes

Crédit Agricole CIB **HSBC** **ING** **Natixis** **Société Générale**

Joint Bookrunners

BofA Merrill Lynch **Barclays** **CM-CIC**

Co-Lead Managers

BB Securities **BayernLB** **Mediobanca**

The date of this offering memorandum is March 20, 2013.

TABLE OF CONTENTS

	Page
Summary	1
The Offering	8
Selected Historical Financial Data	13
Risk Factors	16
Use of Proceeds	37
Capitalization	38
Description of Certain Indebtedness	40
Description of Notes	45
Book-Entry, Delivery and Form	104
Taxation	110
Plan of Distribution	118
Transfer Restrictions	124
Benefit Plan Investor Considerations	128
Listing and General Information	130
Legal Matters	133
Independent Auditors	133
Index to consolidated financial statements	F-1
ANNEX A Chapter 1 ("Overview of the Rexel Group"), Chapter 4 ("Results of Operations and Financial Position of the Rexel Group"), Chapter 7 ("Corporate Governance") and Chapter 8 ("Additional Information") of Rexel's Reference Document for the year ended December 31, 2012	A-1
ANNEX B Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of Rexel's Reference Document for the year ended December 31, 2011	B-1

NOTICE TO INVESTORS

This offering memorandum is strictly confidential. This offering memorandum has been prepared solely for use in connection with, and prospective investors are authorized to use this offering memorandum only in connection with, a private placement of the Notes by Rexel to "qualified institutional buyers" within the United States under Rule 144A under the Securities Act and outside the United States to persons that are not U.S. persons (within the meaning of Regulation S under the Securities Act) under Regulation S under the Securities Act. Rexel and the Initial Purchasers reserve the right to reject any offer to subscribe for the Notes for any reason. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum or use any information herein for any purpose other than considering subscribing for the Notes. You agree to the foregoing by accepting delivery of this offering memorandum.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS.*" INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

No person has been authorized to give any information or to make any representations in connection with the offering or sale of the Notes other than as contained in this offering memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by Rexel, the Initial Purchasers, any of their affiliates or any other person. None of Rexel, the Initial Purchasers or any of their affiliates or representatives is making any representation to any recipient of the Notes regarding the legality of an investment by such purchaser of the Notes under appropriate legal investment or similar laws. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Rexel or its subsidiaries since the date hereof or that the information contained herein is correct and complete as of any time subsequent to the date hereof.

Rexel has prepared this offering memorandum and is solely responsible for its contents. You are responsible for making your own examination of Rexel and your own assessment of the merits and risks of investing in the Notes. Rexel has summarized certain documents and other information in a manner it believes to be accurate. However, Rexel refers you to the actual documents for a more complete understanding of the matters discussed in this offering memorandum. Where information has been sourced from a third party, we confirm that this information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been included, its source has been cited.

To the best of the knowledge and belief of Rexel, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Rexel accepts responsibility for the information contained in this offering memorandum accordingly.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer or any

of its affiliates, or any of the Initial Purchasers. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date.

The information contained in this offering memorandum has been furnished by the Issuer and other sources we believe to be reliable. This offering memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision to invest in the Notes. The contents of this offering memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and its respective affiliates, the terms of the offering of any of the Notes and the merits and risks involved.

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by the Initial Purchasers or any of their respective affiliates, advisors or selling agents, nor any of their respective representatives, as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by any of them, whether as to the past or the future.

By accepting delivery of this offering memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Notes. This offering memorandum may only be used for purpose for which it was published. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "Book-entry, Delivery and Form", is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream.

Rexel will not, nor will any of its agents, have responsibility for the performance of the respective obligations of DTC, Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will Rexel or its agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

The Notes are subject to restrictions on transferability and resale, which are described under the captions "Plan of Distribution" and "Transfer Restrictions". By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Investors are urged to pay careful attention to the risk factors described under the section "Risk Factors" of this offering memorandum, as well as the other information in this offering memorandum and its Annexes, before making their investment decision. The occurrence of one or more of the risks

described herein or therein could have an adverse effect on Rexel's activities, financial condition, results of operations or prospects. Furthermore, other risks not yet identified or not considered significant by Rexel could have adverse effects on Rexel's activities, financial condition, results of operations or prospects, and investors may lose all or part of their investment in the Notes.

STABILIZATION

In connection with the issue of the Notes, J.P. Morgan Securities LLC with respect to the Dollar Notes and BNP Paribas with respect to the Euro Notes (each a "Stabilizing Manager") (or any person acting on behalf of a Stabilizing Manager) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that either Stabilizing Manager (or persons acting on behalf of a Stabilizing Manager) will undertake stabilization activities. Any stabilization activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but they must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilization activities or over allotment must be conducted by a Stabilizing Manager (or persons acting on behalf of a Stabilizing Manager) in accordance with all applicable laws and rules.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN INVESTORS

General

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this offering memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required to inform themselves about and to observe any such restrictions.

No action has been taken in any jurisdiction that would permit a public offering of the Notes. No offer or sale of the Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum.

For a description of certain restrictions relating to the offer and sale of the Notes, see "Plan of Distribution". Rexel accepts no liability for any violation by any person, whether or not a prospective purchaser of the Notes, of any such restrictions.

United Kingdom

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

EEA

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in member states ("Member States") of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we, nor the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

With respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no measure has or will be taken in view of permitting an offer to the public of the Notes entailing the need for the publication of a prospectus in any Relevant Member State. Accordingly, the Notes may be offered in Relevant Member States only:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or

(c) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Notes to the public" in relation to any Notes in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as this definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means directive 2010/73/EU.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive.

This offering memorandum has been prepared on the basis that all offers of the Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Relevant Member States, from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the European Economic Area of the Notes that are the subject of the placement contemplated in this offering memorandum should only do so in circumstances in which no obligation arises for Rexel or the Initial Purchasers to produce a prospectus pursuant to Article 3(2) of the Prospectus Directive for such offer. Neither Rexel nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitutes the final placement of the Notes contemplated in this offering memorandum.

France

This offering memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this offering memorandum or any other offering material relating to the Notes have not been and will not be filed with the French *Autorité des Marchés Financiers* (the "AMF") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the AMF or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the AMF; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this offering memorandum and any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed, directly or indirectly, to the public in France; offers, sales and distributions of the Notes have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account or a closed circle of investors (*cercle restreint d'investisseurs*), acting for its own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Australia and Japan

The Notes may not be offered, sold or purchased in Australia or Japan.

CERTAIN DEFINITIONS

In this offering memorandum (except as otherwise defined in "Description of Notes" for purposes of that section only or the financial statements of Rexel included elsewhere in this offering memorandum):

- "Issuer" and "Rexel" refers to Rexel;
- "Rexel Group", "Group", "us" or "we" refers to Rexel and its subsidiaries;
- "8.25% Notes" means the Issuer's 8.25% Senior Notes due 2016 issued on December 21, 2009 in the original aggregate principal amount of €575,000,000, and, through a reopening of the initial issuance, on January 20, 2010 in the additional aggregate principal amount of €75,000,000;
- "7% Notes" means the Issuer's 7% Senior Notes due 2018 issued on May 27, 2011 in the original aggregate principal amount of €500,000,000;
- "6.125% Notes" means the Issuer's 6.125% Notes due 2019 issued on March 28, 2012 in the original aggregate principal amount of $400,000,000, and, through a reopening of the initial issuance, on April 23, 2012 in the additional aggregate principal amount of $100,000,000;
- "Initial Purchasers" refers to the initial purchasers named in the section "Plan of Distribution" in this offering memorandum;
- "Senior Facility Agreement" means the €1.1 billion revolving credit facility agreement, dated March 15, 2013, among Rexel, as borrower, and Crédit Agricole Corporate and Investment Bank (also acting as Documentation Agent, Facility Agent and Swingline Agent), BNP Paribas, Crédit Industriel et Commercial, HSBC France, ING Bank S.A., Succursale en France, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners. The facility under the Senior Facility Agreement is referred to herein as the "Senior Credit Facility"; and
- "Refinancing Transactions" means (i) the repayment in full of all facilities and all amounts accrued, due or outstanding with respect to, and the cancellation and termination of all commitments under, the €1.7 billion revolving credit facilities agreement, dated December 17, 2009, among Rexel, as borrower, and Bank of America National Association (Paris), BNP Paribas, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon), Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc and Société Générale, in their capacity as Original Lenders, as well as Crédit Agricole Corporate and Investment Bank (formerly known as Calyon), in its capacity as Facilities Agent, (ii) the execution and delivery of the Senior Facility Agreement, (iii) the issuance and sale of the Notes, and (iv) the redemption with part of the proceeds of this offering of the 8.25% Notes at a price of 100% of the principal amount thereof plus the applicable make-whole premium plus accrued and unpaid interest to the redemption date, as set forth in the trust deed governing the 8.25% Notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of January 1, 2005. This offering memorandum includes the audited consolidated financial statements of Rexel as at and for the years ended December 31, 2012 and 2011. The consolidated financial statements of Rexel have been prepared in accordance with IFRS as adopted by the European Union.

Rexel publishes its consolidated financial statements in euros. In this offering memorandum, references to "euro" and "€" refer to the lawful currency of the member states participating in the third stage of the Economic and Monetary Union under the Treaty Establishing the European Community, as amended from time to time.

Various calculations of figures and percentages included in this offering memorandum may not add up or match due to rounding.

CONSTANT BASIS PRESENTATION AND OTHER NON-GAAP MEASURES

In Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of our *Document de référence* for the year ended December 31, 2012 included herein as Annex A, Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of our *Document de référence* for the year ended December 31, 2011 included herein as Annex B and elsewhere in this offering memorandum, figures that are components of Rexel's results of operations are presented on an actual historical basis and, in some instances, on a "constant basis". Presenting a percentage change from one period to another on a constant basis is designed to eliminate the effect of changes in Rexel's scope of consolidation (that is, the entities that the Group consolidates in its financial statements), fluctuation in exchange rates between the euro and other currencies and, in some cases, the different number of working days between two periods. For more information in this respect, see such Chapter 4 in the 2012 and 2011 *Document de référence*. Rexel uses figures prepared on a constant basis both for its internal analysis and for its external communications, as it believes they provide means by which to analyze and explain variations from one period to another on a more comparable basis. Prospective investors should be aware, however, that these figures presented on a constant basis are not measurements of performance under IFRS.

In addition, this offering memorandum includes certain supplemental indicators of the Group's performance and liquidity that the Group uses to monitor its operating performance and debt servicing ability. These indicators include EBITA, EBITDA, Adjusted EBITA and "free cash flow before net interest and income taxes". These measures are unaudited and are not required by, or presented in accordance with, IFRS. Such indicators have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for analysis of, related indicators derived in accordance with IFRS. The Group uses these non-GAAP financial measures in this offering memorandum because it believes that they can assist investors in comparing the Group's performance to that of other companies on a consistent basis without regard to depreciation and/or amortization. Depreciation and amortization can vary significantly among companies depending on accounting methods, particularly where acquisitions or non-operating factors, including historical cost bases, are involved. The Group believes that EBITA and the other non-GAAP financial measures, as it defines them, are also useful because they enable investors to compare the Group's performance excluding the effect of various items that it believes do not directly affect its operating performance. These measures should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Moreover, the Group's computation of EBITA and other non-GAAP financial measures may not be comparable to similarly titled measures of other companies.

MARKET AND INDUSTRY DATA

Unless otherwise stated, the information provided in this offering memorandum relating to market share and the size of relevant markets and market segments for the professional distribution of low and ultra-low voltage electrical products is based on the estimates of Rexel and is provided solely for illustrative purposes. To the knowledge of Rexel, there are no authoritative external reports providing comprehensive coverage or analysis of the professional distribution of low and ultra-low voltage electrical products. Consequently, Rexel has made estimates based on a number of sources, including internal surveys, studies and statistics from independent third parties or professional federations of electrical products distributors, specialist publications (such as Electrical Business News and Electrical Wholesaling), figures published by the Rexel Group's competitors and data provided by its operating subsidiaries.

The above-referenced studies, estimates, research and public information, which Rexel considers reliable, have not been verified by independent experts. Neither Rexel nor the Initial Purchasers guarantee that a third party using different methods to analyze or compile market data would obtain or generate the same results. In addition, the Rexel Group's competitors may define their markets differently. To the extent the data relating to market share and market size included in this offering memorandum is based solely on Rexel's estimates, it does not constitute official data. Neither Rexel nor the Initial Purchasers make any representation as to the accuracy of such information.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains "forward looking statements" that reflect the current expectations of Rexel with respect to future events and the financial performance of the Rexel Group. The words "believe", "expect", "intend", "aim", "seek", "plan", "project", "anticipate", "estimate", "will", "may", "could", "should" and similar expressions are intended to identify forward looking statements. Forward looking statements reflect the present expectations of Rexel with regard to future events and are subject to a number of important factors and uncertainties that could cause actual results to differ significantly from those described in the forward looking statements.

Although Rexel believes that the expectations reflected in these forward looking statements are based on reasonable assumptions given its knowledge of its industry, business and operations as of the date of this offering memorandum, Rexel cannot give any assurance that they will prove to be correct, and it cautions you not to place undue reliance on such statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause the Rexel Group's actual results, performance or achievements, or its industry's results, to be significantly different from any future results, performance or achievements expressed or implied in this offering memorandum. These forward looking statements are based on numerous assumptions regarding the Rexel Group's present and future business strategies and the environment in which the Group expects to operate in the future. Some of these factors are discussed under "Risk Factors" beginning on page 16 of this offering memorandum, and include, among other things:

- changes in the general economic environment, particularly in the geographic markets where the Group operates;
- the Group's substantial outstanding indebtedness and leverage, and the restrictions imposed by its indebtedness;
- the Group's ability to generate free cash flow or to obtain sufficient resources to meet its debt service obligations and to finance its working capital and capital expenditure needs;
- fluctuations in the price of raw materials, particularly copper;
- the interests of the Group's principal shareholders may be inconsistent with the interests of holders of its Notes;
- fluctuations in interest rates and foreign currency exchange rates;
- the Group's ability to identify acquisition targets, integrate acquired businesses successfully and achieve expected synergies;
- intense competition in the markets in which the Group operates and an ability to compete with other distributors in such markets;
- the timing and cost of implementing and managing the Group's programs to modernize and harmonize its information systems;
- the Group's reliance on a limited number of suppliers;
- diverse political, economic, legal, regulatory, tax and other conditions affecting the markets in which the Group operates;
- costs and liabilities Rexel may incur in connection with litigation;
- liabilities arising from pension plans and similar retirement benefits; and
- conditions imposed on the quality of Rexel's receivables and service levels by the Group's securitization programs.

The forward looking statements of Rexel speak only as of the date of this offering memorandum. Rexel expressly disclaims any obligation or undertaking and does not intend to release publicly any updates or revisions to any forward looking statements contained in this offering memorandum to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward looking statement contained in this offering memorandum is based.

CURRENCY PRESENTATION AND EXCHANGE RATE DATA

The majority of our revenues are earned and the majority of our expenses are incurred in euro. As used in this offering memorandum, the term "noon buying rate" refers to the exchange rate for euro, expressed in U.S. dollars per euro, as announced by the Federal Reserve Bank of New York for customs purposes as the rate in the city of New York for cable transfers payable in foreign currencies.

The table below shows the average noon buying rates for U.S. dollars per euro for the five years ended December 31, 2012, and the high and low noon buying rates for U.S. dollars per euro for the five years ended December 31, 2012, the two months ended February 2013 and the period from March 1, 2013 through March 8, 2013. The averages set forth in the table below have been computed using the noon buying rate on the last business day of each month during the periods indicated.

Year	Average for year ended December 31,	Period end rate as at December 31,
	($ per €)	
2008	1.4695	1.3919
2009	1.3946	1.4332
2010	1.3218	1.3269
2011	1.4002	1.2973
2012	1.2909	1.3186
2013 (through March 8)	1.3014	—

Period	High	Low
	($ per €)	
2008	1.6010	1.2446
2009	1.5100	1.2547
2010	1.4536	1.1959
2011	1.4875	1.2926
2012	1.3463	1.2062
January 2013	1.3584	1.3047
February 2013	1.3692	1.3054
March 2013 (March 1 to March 8)	1.3098	1.2988

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us, any related amendment or supplement to this offering memorandum. For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from the reporting requirements under Rule 12g3-2(b) under the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to Investor Relations, Rexel, 189-193, boulevard Malesherbes, 75017 Paris, France.

We currently publish the information required by Rule 12g3-2(b) under the Exchange Act on our website, www.rexel.com. Information contained on our website does not constitute a part of this offering memorandum.

Pursuant to the indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "Description of Notes — Reports".

If the Notes are listed on the Official List, and admitted to trading on the Euro MTF market (the "Euro MTF market"), then for so long as the Notes are listed on that exchange and the rules of that exchange so require, copies of such information, our organizational documents, the indenture governing the Notes and our most recent consolidated financial statements will be available for review during the normal business hours on any business day at the specified office of the paying agent and transfer agent in Luxembourg at the address listed on the inside of the back cover of this offering memorandum.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This offering memorandum comprises this document and the accompanying English translations of:

- Chapter 1 (“Overview of the Rexel Group”), Chapter 4 (“Results of Operations and Financial Position of the Rexel Group”), Chapter 7 (“Corporate Governance”) and Chapter 8 (“Additional Information”) of our *Document de référence* for the year ended December 31, 2012 filed with the AMF on March 13, 2013 under the number D.13-0130 (the “2012 Reference Document Extracts”) included herein as Annex A, excluding the section set forth below (the “Excluded 2012 Reference Document Extracts Information”):

Section of the 2012 Reference Document Extracts	Relevant Excluded Information
8.7.1	Responsibility Statement

- Chapter 4 “Results of Operations and Financial Position of the Rexel Group” of our *Document de référence* for the year ended December 31, 2011 filed with the AMF on March 15, 2012 under the number D.12-0164 (the “2011 Reference Document Extracts”), included herein as Annex B.

Any references in this offering memorandum to the 2012 Reference Document Extracts shall be deemed to exclude the Excluded 2012 Reference Document Extracts Information. Investors should not make an investment decision based on any information contained in the Excluded 2012 Reference Document Extracts Information.

The 2012 Reference Document Extracts and the 2011 Reference Document Extracts contain, among other things, a description of the Group and our activities. It is important that you read this offering memorandum, including its annexes, in its entirety before making an investment decision regarding the Notes.

The information contained in the 2012 Reference Document Extracts has not been updated since March 13, 2013 and speaks only as of such date. Any statement contained in Annexes A or B shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained in this offering memorandum (including any statement in an excerpt from a more recent document that is included in any Annex to this offering memorandum) modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering memorandum. Annexes A and B are important parts of this offering memorandum. All references herein to this offering memorandum include Annexes A and B hereto, as modified or superseded.

ENFORCEMENT OF JUDGMENTS

The Issuer of the Notes is organized under the laws of France. The indenture governing the Notes and the Notes will be governed by New York law. Most of the directors and executive officers of the Issuer are non-residents of the United States. Since most of the assets of the Issuer, and most of their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the indenture governing the Notes or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the relevant company has assets.

Even though the enforceability of U.S. court judgments outside the United States is described below for the country in which the Issuer is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

France

Our French counsel has advised us that the United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. Federal or state court based on civil liability, whether or not predicated solely upon U.S. Federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non-ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (including, without limitation, where the dispute is clearly connected to the U.S.) and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French laws No. 80-538 of July 16, 1980 and No. 2000-916 of September 19, 2000 (relating to communication

of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as last modified by law No. 2011-334 of March 29, 2011) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes overriding provisions of French law (*lois de police*) or French international public policy rules, or in case of fraud. Further, in an action brought in France on the basis of U.S. Federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Our French counsel has also advised us that according to article 15 of the French Civil Code (*Code civil*), a party may always bring in France an action against a French national (either a company or an individual), and such jurisdiction of the French courts is not exclusive of the jurisdiction of foreign courts, provided that the dispute presents sufficient links to such foreign State, and the choice of jurisdiction is not tainted by fraud. In addition, according to article 14 of the French *Code civil*, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. Such jurisdiction of the French courts is not exclusive of the jurisdiction of foreign courts, provided that the dispute presents sufficient links to such foreign State, and the choice of jurisdiction is not tainted by fraud. The rights granted under articles 14 and 15 of the French *Code civil* may be waived.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum but may not contain all of the information that you should consider before investing in the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. You should read this entire offering memorandum, including the section entitled "Risk factors", the financial statements and related notes, before making an investment decision. References to "we", "our", "us", and "the Group" refer to, collectively, Rexel and its consolidated subsidiaries.

THE REXEL GROUP

Our company

We are one of the world's leading companies in the market for the professional distribution of low and ultra-low voltage electrical products, based on both sales and number of branches. We estimate that in 2012 we had an 8% share of the worldwide market and generated over 70% of our sales in the countries where we believe we hold a market share exceeding 10%.

We serve a large variety of customers, from small to large individual contractors to industrial and commercial companies who install our products in three distinct end-markets:

- the **industrial market** (33% of 2012 sales), 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** (44% of 2012 sales), which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of stores, schools, office buildings, hotels, community buildings as well as energy production facilities, public networks and transportation infrastructure; and
- the **residential building market** (23% of 2012 sales), which essentially covers the use of electrical products in the construction, expansion, renovation and standardization of houses, housing developments, apartment buildings and public housing.

Our products are used in new installations and construction, as well as in the maintenance or renovation of existing installations and buildings.

We distribute our electrical products through a branch network, which is comprised of 2,335 branches in 37 countries employing 30,416 employees as at December 31, 2012. We classify our product portfolio into seven product families (as a percentage of our 2012 sales): electrical installation equipment (44%), cables and conduits (25%), lighting (18%), security and communication (6%), climate control (4%), tools (2%) and white and brown products (1%). We add value to our product offering by providing a number of related services including logistics, technical assistance and training services, especially at the international level. We consider these services to be an integral part of our product offering because they enhance our ability to increase the margins of the products we distribute, improve our customer retention rate and development efforts and help our customers to increase their technical expertise.

Our sales for the year ended December 31, 2012 amounted to €13,449.2 million, of which €7,448.6 million were generated in Europe (56% of sales), €4,348.6 million in North America (32% of sales), €1,341.9 million in the Asia-Pacific zone (10% of sales), and €310.0 million related to Latin America (2% of sales). In 2012, the Rexel Group recorded EBITDA of €841.1 million, EBITA of €767.4 million and Adjusted EBITA of €765.6 million, representing 5.7% of 2012 sales.

The low and ultra-low voltage electrical distribution market

The low and ultra-low voltage electrical distribution market includes electrical products that run at a voltage of between 50 and 1,000 volts for alternating current and between 75 and 1,500 volts for direct current. This industry is characterized by a wide range of products and by a relatively high rate of product turnover as suppliers seek to improve functionality to respond to increasing customer demand. Distributors of low and ultra-low voltage electrical products serve as intermediaries between manufacturers and the professionals who install the products in different environments.

We believe that the market for professional distribution of low and ultra-low voltage electrical products amounted to approximately €165 billion worldwide in 2012. Based on our estimates, North America constitutes the largest part of this market, representing approximately 32% of the market (€52 billion in 2012). In 2012, Europe represented approximately 24% of the market (€40 billion) and the Asia-Pacific region (including Japan) represented approximately 28% of the market (€47 billion). We estimate that the Japanese market amounted to approximately €12 billion in 2012, and that other geographic zones (Latin America, Africa and the Middle-East) accounted for a total of approximately €26 billion.

OUR COMPETITIVE STRENGTHS

We consider our principal competitive strengths to be the following:

Leading global market positions and strong local leadership: We believe we are one of the world's leaders in the market of the professional distribution of low and ultra-low voltage electrical products. We estimate that in 2012 we had an 8% share of the worldwide market and we generated over 70% of our sales in the countries where we believe we have a market share exceeding 10%. Based on 2012 sales, we also believe that we are among the top two players in our three main geographic areas in terms of market share: North America, Europe and Asia-Pacific. Within Europe, our core market, we are among the top two players in 14 countries that account for approximately 70% of the total European market. Our significant market share allows us to further improve our profitability and to be one of the main actors in the consolidation of our sector.

Diversified in terms of geography, end-market and customers: Our presence in a range of different countries on several continents limits our exposure to local level economic cycles. As at December 31, 2012, we operated in 37 countries with Europe, North America, Asia-Pacific, and Latin America accounting for 56%, 32%, 10% and 2% of our sales, respectively (compared to 59%, 29%, 10% and 2% as at December 31, 2011, respectively). In addition, the balanced breakdown of our operations between our three end-market segments (industrial, commercial and residential) allows us to limit the impact of a potential downturn in any given end-market in a particular country or region. These three sectors represented 33%, 44% and 23%, respectively, of 2012 sales.

High value added products and services: We distribute a wide range of products and services that provide installation solutions designed to function in an integrated manner and to satisfy all of our customers' electrical product needs by supplying turnkey solutions, reducing customers' costs through energy efficiency solutions and providing large project support. To this end, we regularly develop and adapt our product offering. We typically offer between 10 and 15% of new products each year, depending on the country. In addition to our selection of products, we aim to differentiate ourselves from our competitors by providing high value added services, such as support, advice, product availability, project management and installation design. In particular, we assist our customers in the choice and mastery of installation techniques for the products we distribute, and we provide them with adapted delivery services. We have acquired a technical mastery of our product families that tracks electrical contractors' needs and interfaces the information we obtain from our customers to our suppliers, hence improving our product offering.

Experienced and skilled personnel and a strong sales force: Due to the knowledge based nature of our business and our role as a prescriber of technical solutions, we employ experienced personnel with deep knowledge of product specifications, local needs and applicable regulations. This know-how and the training offered to our customers allow us to direct our personnel to promote higher value added systems for the end-customer. To preserve this competitive advantage, our employees benefit from a constant and active training policy in technical and commercial fields, which is performance oriented.

Strong relationships with suppliers: We have organized our supply relationships strategically around a limited number of global suppliers and of regional and national suppliers, thus allowing our Group to negotiate better commercial terms, increase our productivity and achieve economies of scale for our logistics operations. We believe that we have favorable interdependent relationships with our significant suppliers, thereby limiting the risks inherent in dealing with a limited number of suppliers. In 2012, on a reported basis, we made over 50% of our purchases from our top 25 suppliers.

High cash flow generation and a flexible cost structure: Our operating profitability, together with our strict management of working capital requirements and the low capital intensity of our activities, allow us to generate significant cash flows. We generated an operating cash flow before interest, taxes and changes in working capital requirements of €748.5 million for the year ended December 31, 2012. Working capital requirements have gradually decreased as a percentage of sales between 2004 and 2011 and have slightly increased between 2011 and 2012 due primarily to a higher level of inventories and a lower level of trade payables at December 31, 2012 compared to December 31, 2011 as a result of acquisitions completed in 2012. The launch of our 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 monitor the collection of receivables, are examples of initiatives that have reduced the Rexel Group's working capital requirements relative to its overall sales. Management's variable compensation depends in part on the optimization of working capital needs. In 2012, the structure of our operating costs before depreciation broke down as follows: variable costs based on level of activity (e.g. transportation and commissions) amounting to 24%; fixed costs that are flexible in the very short-term (e.g. wages in certain countries, advertising and various operating fees) amounting to 57%; and fixed costs that are flexible in the short or medium-term (e.g. wages, rents and IT system costs) amounting to 19%.

OUR STRATEGY

In 2012, we set up our "Energy in Motion" corporate project to orient our strategy on four major priorities:

- Profitable growth: accelerate profitable growth both organically and through acquisitions;
- Active resources management: optimize asset utilization and allocation of resources to increase return on investment;
- Culture of cooperation: leverage capabilities and synergies across the Group and capitalize on the diversity of experience within the Group to promote innovative practices;
- Operational performance: enhance productivity and service levels to drive commercial efficiency and performance of our business to best meet our client's needs and supply chain performance.

Profitable growth

Organic growth by capturing market opportunities through a strong focus on well-identified growth drivers: We intend to foster organic growth by focusing on three market growth segments that we expect to become lead markets in the medium- or long-term: high potential industries (energy efficiency, renewable energy solutions and home automation systems); high value added services to

large scale projects and clients (large infrastructure projects, major international customer accounts); and vertical markets, in particular the mining and oil & gas industries. Our sales in these three areas in 2012 were approximately €2 billion, representing an increase of 5% from 2011. More particularly:

- The high potential industries are supported by structural growth trends in the markets. We have successfully developed our energy-efficient products and services offering such as the replacement of lighting sources or energy audit, measurement, control and certification offerings. Although renewable energy offerings are currently subject to volatility due to varying support policies and regulations depending on each country, we believe they are promising in the medium- and long term. We are currently consolidating our position on the photovoltaic market and intend to increase our share internationally. In the wind energy market, we are extending our offerings from simple cable deliveries to fully-integrated services. In the high-growth home automation systems market, we are segmenting our offerings between residential buildings and commercial buildings.
- We are continuing to develop global service offerings to large international projects and to our major international customers. This encourages large engineering and construction companies to outsource to us their electrical (or other) product- and services management on large construction projects.
- In the vertical markets segment, growth in the mining and oil & gas industries is driven by increasing demand for commodities and energy in emerging countries. Due to our global presence, dedicated teams and the quality of our supply chain, we take part in the development of these industries, in particular in connection with large infrastructure projects.

External growth by pursuing value enhancing acquisitions: We have a strong track record of implementing and integrating acquisitions, and we intend to pursue bolt-on acquisitions of regional distributors in order to increase our market share in regions where we are already present and to establish a presence in new markets. Between 2006 and 2012, we completed 50 consolidating acquisitions, representing approximately €1,950 million in sales as of the year of the acquisition, as well as two transforming acquisitions: the acquisition of GE Supply (renamed Gexpro) in 2006; and of the Hagemeyer group in 2008. In the United States, we completed two strategic acquisitions in 2012: Platt Electric Supply and Munro Distributing. We will continue to give priority to increasing our footprint in emerging market countries (China, South-East Asia, India and Latin America) along with the development of the professional distribution of electrical materials in such countries, with a medium-term objective of a two-fold increase in sales in these markets. In addition, we intend to increase our presence in high value added market niches, specifically on the energy efficiency and renewable energy markets. We therefore acquired a 70% interest in a French company specializing in energy audits, as well as Munro Distributing, which specializes in innovative energy efficiency solutions and has developed strong partnerships with energy services companies (ESCOs) and the utilities sector. If appropriate opportunities arise, we may also undertake larger acquisitions that meet our rigorous criteria.

Active resources management

Increasing our sales and marketing resources: In 2012, we strengthened our sales and marketing capabilities, at our Group and subsidiary levels, with dedicated teams to each of the three following market growth segments: high potential industries, large scale projects and clients and vertical markets.

Implementing a multi-network commercial structure: In those countries in which we have a significant market share, we believe that the coexistence of different commercial networks allows for gains in market share that are greater than those that can be achieved using a single network. With respect to customers, multiple networks allow us to provide offerings that cover a broader portion of market and better target the demands in different customer segments. With respect to suppliers, they

enhance product specifications in differentiated networks and provide a specialized technical support. In addition, we encourage our various brands to include a reference that they belong to the Rexel Group, thus increasing the visibility of the Rexel brand and adding value by showing that our various brands belong to a global leader.

Culture of cooperation

We foster a strong cooperative culture, emphasizing shared success among all the Rexel Group's stakeholders, focusing on teamwork, a high quality client-relationship, setting up and managing strategic partnerships with our key suppliers and complying with our commitments to our shareholders. We have thus defined six key-values that are our core principles of action, allow organizational efficiency and capitalize on the diversity of experience within the Group to promote innovative practices: respond best to our clients' needs, in particular by helping them to create value; encourage our employees to team up with our other stakeholders in a mutually beneficial spirit of cooperation; promote innovation by encouraging employees to develop new business models and methods; managers fully involve their teams in order to develop our employees' capabilities; develop mutual confidence with all of our stakeholders; and dedication of our employees to promote Rexel.

Improving operational performance

Rationalize information technology systems: Our historic development by external growth has led to the coexistence of multiple information systems. Our objective is to limit information systems to one per country, with the capacity to adapt them to customers' needs. In 2012, our information technology systems costs accounted for approximately 1.6% of sales and remained stable compared to 2011.

Improve our logistics systems: Our supply chain is valued by our customers and is one of our key assets. We intend to continue to adapt our logistics and distribution systems based on the density of our branch network and the expectations of our customers. The optimization of logistical structures improves the quality of services offered to customers and allows us to reduce our inventories and our costs.

Optimize our branch network: We constantly adapt our branch network in order to follow as closely as possible the evolution of our customers, both in terms of trading areas and of purchase behavior, and of the business cycle at the local level. By having a "dynamic" branch network, we strive to keep costs under control and pursue growing markets, and we regularly monitor the appropriateness of our branch network in light of market demand trends, which can lead to branch openings, transfers, consolidations or closings. We have been streamlining our logistics network since 2010. In 2012, we closed 111 branches, mainly in the United Kingdom and the United States. Actions taken in 2012 had effects in the Netherlands and in Sweden, while the first effects in Southern Germany and in the State of Sao Paolo, Brazil are expected to be felt during the first half of 2013.

Improve our productivity: We regularly implement productivity enhancement plans, in order to optimize our front and back office functions, our commercial network and to enhance the productivity of our logistics hubs. We therefore rely on processes such as LEAN or Six Sigma, the coordination of purchasing or activating synergies essentially generated by the size of our Group's activities. In addition, in order to continuously improve the quality of our services, we have progressively increased the percentage of customer-facing employees, which at the end of 2012 represented approximately 58% of total employees. We constantly seek ways to improve our gross profit per employee contribution, which has been constantly growing since 2004. Moreover, we seek to improve our support functions, particularly in the administrative services areas, in order to optimize operating costs. By developing our multi-channel offer and achieving greater back office rationalization, we will free up resources to provide our clients with customized solutions.

Develop e-commerce: E-commerce continues to be a source of growth for us and represents an opportunity to decrease our distribution costs. E-commerce represented approximately 12% of our sales in 2012, compared to 11% in 2011. 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 via an extranet (which includes consultation of available inventory, on-line purchasing, order status and billing); and
- On-line purchasing through Rexel Group branches, which is reserved for professional customers.

Optimize relationships with suppliers: With purchase volumes of €10.1 billion in 2012, we have structured our relationships with our suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow us to shape our product offering to fit local needs and to continue our profitable growth. With respect to our strategic suppliers, our relationships are formalized through the implementation of Rexel Group-wide framework agreements that are both international and local in scope. We intend to continue to further optimize our supplier portfolio with the objective of improving our gross margin. In 2012, the Group's purchases from its 25 leading suppliers accounted for approximately 50% of its total purchases. Optimizing our logistics structure and the EDI also contributes to improve our profitability.

Develop the Rexel Group's own brands: We have identified certain segments appropriate for the development of our own brands, with specific characteristics such as lower importance given to well-known supplier brand names by customers and high fragmentation of manufacturers. We intend to continue the targeted development of our own brands as they generate higher gross margins for us compared to our sales of their brand-name counterparts. Our 2012 sales of own-brand products accounted for approximately 3% of our total sales, stable compared to 2011.

Optimize sales prices: Given the wide selection of products that we distribute to tens of thousands of customers worldwide, we continuously seek to optimize our sales prices to our customers' purchase profiles so that we may maximize our gross margin in a sustainable manner, while remaining competitive. We do so through the analysis of a number of areas, including customer and product segmentation, analysis of competition and of purchasing habits and valuation of the services that are not billed separately by our Group.

Reduce working capital requirements: As a distributor, working capital requirements represent a significant portion of capital employed by our Group. Our objective is to continue to reduce our working capital requirements as a percentage of sales by improving inventory turnover, reducing the differences in payment days between suppliers and customers, and improving turnover of accounts receivable. Part of management compensation is determined by the efficiency of our working capital management, and we expect the rationalization of our IT systems to further improve its management. As a percentage of sales over the past 12 months, working capital requirements amounted to 10.7% at December 31, 2012, compared to 10.4% at December 31, 2011, on a constant basis. This slight increase in working capital requirements as a percentage of sales, the first one since 2004, is due primarily to a higher level of inventories and a lower level of trade payables at December 31, 2012 compared to December 31, 2011, as a result of acquisitions completed in 2012.

Recent Developments

The Refinancing Transactions

We are currently implementing the Refinancing Transactions in order to improve our debt maturity profile and strengthen our balance sheet. The Refinancing Transactions are comprised of the following transactions:

- The repayment in full, on March 15, 2013, of all amounts outstanding under the €1.7 billion revolving credit facilities agreement that we had entered into in 2009, and the termination thereof. As a result, all guarantees in relation to these facilities and in relation to our 8.25% Notes, 7% Notes and 6.125% Notes by our subsidiaries were also terminated;
- The entry, on March 15, 2013, into the Senior Facility Agreement, comprised of a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion. For more information on the Senior Facility Agreement, see "Description of Certain Indebtedness";
- The issuance of the Notes subject to this offering and the use of part of the proceeds therefrom to redeem the 8.25% Notes. See "Use of Proceeds".

Catherine Guillouard appointed new Chief Financial Officer

On February 11, 2013, Rexel announced the appointment of Catherine Guillouard as Group Chief Financial Officer, Group Senior Vice President and member of the Executive Committee, effective by May 6, 2013. Mrs. Guillouard will join Rexel from Eutelsat Communications, a leading European satellite operator, which she joined in 2007 as Chief Financial Officer. Mrs. Guillouard will replace Mr. Michel Favre whose departure was announced on October 31, 2012, and who remains with the Group until the entry into service of his successor and works alongside Rudy Provoost, Chief Executive Officer, to ensure a smooth transition.

Partial sale of Rexel shares by its controlling shareholder

On February 14, 2013, Ray Investment S.à r.l., Rexel's controlling shareholder, sold 40 million shares of Rexel, representing 14.7% of our share capital, at a price of €16 per share thereby reducing its ownership to approximately 43.3% of our share capital and voting rights. The proceeds of the sale were allocated by Ray Investment to funds controlled by Clayton, Dubilier & Rice, Inc., Eurazeo, Bank of America Merrill Lynch and Caisse de Dépôt et Placement du Québec, whose shareholdings in Ray Investment were accordingly changed to 35.6%, 29.4%, 24.1% and 11.0%, respectively.

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the "Description of Notes" section of this offering memorandum for a more detailed description of the terms and conditions of the Notes.

Issuer	Rexel, a company with limited liability (*société anonyme*) incorporated under the laws of the Republic of France (the "Issuer").
Notes Offered	$500,000,000 aggregate principal amount of 5.250% Senior Notes due 2020 (the "Dollar Notes"). €500,000,000 aggregate principal amount of 5.125% Senior Notes due 2020 (the "Euro Notes" and, together with the Dollar Notes, the "Notes").
Maturity Date	Dollar Notes: June 15, 2020 Euro Notes: June 15, 2020
Issue Price	Dollar Notes: 99.981% (plus accrued interest from the issue date). Euro Notes: 99.982% (plus accrued interest from the issue date).
Interest Payment Dates	Semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2013.
Issue Date	On or about April 3, 2013.
Interest Commencement Date	Interest will accrue from the issue date of the Notes, and will be computed on the basis of a 360-day year comprised of twelve 30-day months.
Denomination	Dollar Notes: $200,000 and integral multiples of $1,000 in excess thereof. Euro Notes: €100,000 and integral multiples of €1,000 in excess thereof.
Ranking	The Notes will be senior unsecured obligations of the Issuer and will: • rank *pari passu* in right of payment among themselves and to all existing and future unsecured indebtedness of the Issuer that is not subordinated to the Notes, including the indebtedness of the Issuer under the Senior Credit Agreement, the 8.25% Notes, the 7% Notes and the 6.125% Notes; • rank senior in right of payment to any existing or future indebtedness of the Issuer that is subordinated to the Notes; • be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the assets securing such indebtedness; and • be structurally subordinated to all existing and future indebtedness of the Issuer's subsidiaries.

Optional Redemption . . . . . . The Issuer may redeem some or all of either or both series of the Notes at any time:

- prior to June 15, 2016, at a redemption price equal to 100% of their principal amount plus the applicable "make whole" premium (as described under "Description of Notes — Optional Redemption") plus accrued and unpaid interest, if any, to the date of redemption; and
- on or after June 15, 2016, at the redemption prices set forth under "Description of Notes — Optional Redemption" plus accrued and unpaid interest, if any, to the date of redemption.

In addition, at any time until June 15, 2016, the Issuer may, at its option and on one or more occasions, redeem up to 40% of the aggregate principal amount of either or both series of the Notes at a redemption price of 105.250% (in the case of the Dollar Notes) and 105.125% (in the case of the Euro Notes) of their principal amount plus, in each case, accrued and unpaid interest, if any, to the redemption date, with the proceeds of certain equity offerings. See "Description of Notes — Optional Redemption".

Redemption for Taxation Reasons . . . . The Issuer may, but is not required to, redeem either or both series of the Notes at any time in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption in the event that certain changes in tax laws or their interpretation result in the Issuer becoming obligated to pay "additional amounts" on payments to be made with respect to such Notes. See "Description of Notes — Taxation".

Additional Amounts . . . . Except as provided in "Description of Notes — Taxation", all payments to be made with respect to the Notes will be made without withholding or deduction for, or on account of, present and future taxes in any relevant taxing jurisdiction unless required by applicable law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes, subject to certain exceptions, the Issuer will pay the additional amounts necessary so that the net amount received by holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction.

Change of Control . . . . Upon the occurrence of certain events constituting a change of control, the holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of such repurchase. See "Description of Notes — Change of Control".

Covenants . . . . The indenture (the "Indenture") governing the Notes will, among other things, limit the ability of the Issuer and of certain "restricted" subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make restricted payments, including dividends, distributions and investments;
- transfer or sell assets or subsidiary stock;
- create certain liens or permit certain liens to exist;
- create restrictions on the ability of our significant subsidiaries that do not guarantee the Notes to pay dividends to us or make other intercompany loans and transfers; and
- merge or consolidate with other entities.

Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of Notes — Certain Covenants".

All of the above covenants (with the exception of the limitation on the ability to create or permit certain liens, and, in the case of the merger covenant, only in respect of a financial test that would otherwise need to be met prior to merger or consolidation) will be suspended during achievement of investment grade status for the Notes, in the event that the Notes have been assigned at least two of the following ratings: (x) BBB- or higher by S&P, (y) Baa3 or higher by Moody's and (z) BBB- or higher by Fitch.

Form of Dollar Notes and Euro Notes . . . . Dollar Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the "Dollar Rule 144A Global Notes"). Dollar Notes sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the "Dollar Regulation S Global Notes" and, together with the Dollar Rule 144A Global Notes, the "Dollar Global Notes").

Euro Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the "Euro Rule 144A Global Notes"). Euro Notes sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the "Euro Regulation S Global Notes" and, together with the Euro Rule 144A Global Notes, the "Euro Global Notes").

On the Issue Date, the Dollar Global Notes will be deposited with a custodian for DTC and registered in the name of Cede & Co. as a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream and the Euro Global Notes will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the common depositary. Interests in the Global Notes will be exchangeable for the relevant definitive Notes only in certain limited circumstances. See "Book-Entry, Delivery and Form".

Dollar Global Notes Codes . . The Dollar Rule 144A Global Note(s) and the Dollar Regulation S Global Note(s) have been accepted for clearance through DTC.

Dollar Rule 144A Global Notes:	*Dollar Regulation S Global Notes:*
CUSIP: 761679 AC3	CUSIP: F75549 AC3
ISIN: US761679 AC37	ISIN: USF75549 AC34
Common Code: 086528053	Common Code: 086528029

Euro Global Notes Codes . . . The Euro Rule 144A Global Note(s) and the Euro Regulation S Global Note(s) have been accepted for clearance through Euroclear and Clearstream.

Euro Rule 144A Global Notes:	*Euro Regulation S Global Notes:*
ISIN: XS0908821985	ISIN: XS0908821639
Common Code: 090882198	Common Code: 090882163

Selling and Transfer Restrictions . . . . The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the Securities Act. See "Plan of Distribution" and "Transfer Restrictions". The Issuer has not agreed to or otherwise undertaken to register the Notes in the United States (including by way of an exchange offer).

No Prior Market . . . . The Notes will be new securities. Accordingly, the Issuer cannot assure you that a liquid market for the Notes will develop or be maintained. See "Risk Factors — There currently exists no market for either the Dollar Notes or the Euro Notes, and Rexel cannot assure you that such an active trading market for either the Dollar Notes or the Euro Notes will develop".

Use of Proceeds of the Notes . In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately €869.5 million after deduction of costs and underwriting commissions. These net proceeds will be used for the redemption of the 8.25% Notes as part of the Refinancing Transactions and for general corporate purposes. See "Use of Proceeds".

Listing and Trading	Application has been made to admit the Dollar Notes and the Euro Notes to the Official List of the Luxembourg Stock Exchange and admit the Notes for trading on the Euro MTF market. You should note, however, that there is currently no trading market for either the Dollar Notes or the Euro Notes, and we cannot assure you that an active or liquid market in either the Dollar Notes or the Euro Notes will develop.
Trustee	The Bank of New York Mellon
Principal Paying Agent	The Bank of New York Mellon
Luxembourg Paying Agent . . .	The Bank of New York Mellon (Luxembourg) S.A.
Luxembourg Transfer Agent .	The Bank of New York Mellon (Luxembourg) S.A.
Governing Law of the Notes and the Indenture	State of New York
Further Issues	The Issuer may, without notice to or the consent of the holders or beneficial owners of the Notes, create and issue Additional Notes having the terms and conditions as either the Dollar Notes or the Euro Notes (except for the issue date, the initial interest accrual date and the amount of the first payment of interest).
Risk Factors	You should refer to "Risk Factors" beginning on page 16 of this offering memorandum for an explanation of certain risks involved in investing in the Notes.
EU Financial Transaction Tax	If the recent proposal of the European Commission for a directive on the financial transaction tax to be implemented under the enhanced cooperation procedure is adopted and implemented in local legislation by the participating Member States, the financial transaction tax could be chargeable on transactions made on the Notes. See "Risk Factors — Transactions on the Notes could be subject to the European financial transaction tax, if adopted".

SELECTED HISTORICAL 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, 2012 and 2011 included in the F-pages of this offering memorandum and the discussion of the results of operations and financial position of the Rexel Group for the years ended December 31, 2012 and 2011 appearing in Annexes A and B, respectively, to this offering memorandum. Rexel's consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Selected Rexel consolidated income statement data

	Year ended December 31,			
(in millions of euros)	2012	2011 (restated)[1]	2011 (reported)	2010
Sales	13,449.2	12,717.1	12,717.1	11,960.1
Cost of goods sold	(10,134.2)	(9,599.6)	(9,599.6)	(9,014.5)
Gross profit	**3,315.0**	**3,117.5**	**3,117.5**	**2,945.6**
Distribution and administrative expenses	(2,560.9)	(2,410.9)	(2,413.6)	(2,352.5)
Operating results before other income and expenses	**754.1**	**706.6**	**703.9**	**593.1**
Other income	15.9	39.6	39.6	16.1
Other expenses	(122.6)	(146.6)	(146.6)	(123.8)
Operating result	**647.4**	**599.6**	**596.9**	**485.4**
Financial income	2.3	4.3	54.5	49.3
Interest expense on borrowings	(178.8)	(183.2)	(183.2)	(189.8)
Other financial expenses	(23.7)	(18.2)	(62.4)	(62.6)
Net financial loss	**(200.1)**	**(197.1)**	**(191.1)**	**(203.1)**
Share of profit/(loss) of associates	3.1	2.8	2.8	4.7
Net income before income tax	**450.3**	**405.3**	**408.6**	**287.0**
Income tax	(131.7)	(89.3)	(89.6)	(57.8)
Net income	**318.6**	**316.0**	**319.0**	**229.2**
Earnings per share:				
Basic earnings per share (in euros)	1.18	1.18	1.20	0.87
Fully diluted earnings per share (in euros)	1.17	1.17	1.18	0.86

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

Selected Rexel consolidated cash flow statement data

	Year ended December 31,		
(in millions of euros)	2012	2011	2010
Operating cash flow[1]	748.5	739.3	580.2
Changes in working capital requirements	(37.2)	(69.9)	42.0
Cash generated from operating activities before net interest and income taxes	711.3	669.4	622.2
Net capital expenditure	(83.8)	(68.4)	(52.4)
Free cash flow before net interest and income taxes[2]	**627.5**	**601.0**	**569.8**

(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.

Selected Rexel consolidated balance sheet data

(in millions of euros)	At December 31,			
	2012	**2011 (restated)[1]**	**2011 (reported)**	**2010**
Non-current assets	5,910.2	5,437.8	5,454.1	5,390.7
Working capital requirements[2]	1,433.5	1,231.6	1,231.6	1,192.2
Total assets	10,316.1	9,719.2	9,735.5	9,387.2
Net indebtedness[3]	2,599.2	2,078.2	2,078.2	2,273.3
Other non-current liabilities	626.9	549.3	456.7	475.2
Shareholders' equity	4,117.6	4,041.9	4,150.8	3,834.4

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

(2) Working capital requirements consist of total current assets with the exception of cash and cash equivalents after deduction of total current liabilities with the exception of the current portion of interest bearing debt and accrued interest.

(3) Net indebtedness includes interest-bearing borrowings and accrued interest less cash, cash equivalents and derivatives fair value.

Other data

(in millions of euros other than percentages)	Year ended December 31,			
	2012	**2011 (restated)[1]**	**2011 (reported)**	**2010**
EBITDA[2]	841.1	794.8	792.1	691.9
Adjusted EBITDA[3]	839.3	801.2	798.5	668.5
Adjusted EBITDA margin	6.2%	6.3%	6.3%	5.6%
EBITA[4]	767.4	722.3	719.6	615.9
Adjusted EBITA[4]	765.6	728.7	726.0	592.5
Adjusted EBITA margin (as a % of sales)	5.7%	5.7%	5.7%	5.0%

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

(2) EBITDA is defined as operating income before depreciation and amortization and other income and other expenses. EBITDA 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 EBITDA differently than Rexel.

(3) Adjusted EBITDA is defined as EBITDA excluding the estimated non-recurring impact from changes in copper based cable prices. Adjusted EBITDA is not an accepted accounting measure with standard and generally accepted definitions. It 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 Adjusted EBITDA differently than Rexel.

(4) EBITA is defined as operating income before other income, other expenses and amortization of intangible assets recognized as part of the purchase price allocation of acquired entities, and Adjusted EBITA is defined as EBITA excluding the estimated non-recurring impact from changes in copper based cable prices. 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 differently than Rexel.

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

(in millions of euros other than percentages)	**2012**	**2011 (restated)[1]**	**2011 (reported)**	**2010**
Operating income	647.4	599.6	596.9	485.4
(−) Other income[2]	(15.9)	(36.6)	(39.6)	(16.1)
(+) Other expenses[2]	122.6	146.6	146.6	123.8
(+) Amortization of intangible assets recognized on the occasion of purchase price allocations	13.3	15.7	15.7	22.8
= EBITA	**767.4**	**722.3**	**719.6**	**615.9**
(+) / (−) Non-recurring effect resulting from changes in copper-based cable prices[3]	(1.8)	6.4	6.4	(23.4)
= Adjusted EBITA	**765.6**	**728.7**	**726.0**	**592.5**
Adjusted EBITA margin	5.7%	5.7%	5.7%	5.0%
(+) Depreciation	73.7	72.5	72.5	76.0
= Adjusted EBITDA	**839.3**	**801.2**	**798.5**	**668.5**
Adjusted EBITDA margin	6.2%	6.3%	6.3%	5.6%

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

(2) See notes 2.18 and 7 to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum.

(3) See "Risk Factors — Risks relating to the Rexel Group's business — The Group's results may be adversely affected by decreases in copper prices".

Financial ratios (computed based on 2012 EBITDA)

	Year ended December 31, 2012
Ratio of net debt to EBITDA	3.09x
Ratio of net debt to Adjusted EBITDA	3.10x
Ratio of EBITDA to net interest[1]	4.70x
Ratio of Adjusted EBITDA to net interest[1]	4.69x

(1) Interest expense on borrowings.

RISK FACTORS

Potential investors should carefully read and consider the risk factors described below and the other information contained in this offering memorandum before they make a decision about acquiring the Notes. The realization of one or more of these risks could individually or together with other circumstances adversely affect the business activities and have material adverse effects on the financial condition and results of operations of Rexel or the Group. The market price of the Notes could decline as the result of any of these risks, and investors could lose all or part of their investment. The risks described below may not be the only risks to which Rexel or the Group is exposed. Additional risks that are presently not known to Rexel or that are currently considered immaterial could also adversely affect the business operations of the Group and have material adverse effects on the financial condition and results of operations of Rexel or the Group. The sequence in which the risks factors are presented below is not necessarily indicative of their likelihood of occurrence, the scope of their financial consequences or the importance of the risk factors mentioned below.

Risks relating to the Rexel Group's business

The Group's business may be affected by changes in the general economic environment.

The 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 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 Group, the prices of such products and the Group's margins depend on many factors, such as inflation, interest rates, credit availability and cost and changes in economic and monetary policy.

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic areas in which the Rexel Group operates.

- Europe, North America, Asia-Pacific and Latin America accounted for 56%, 32%, 10%, and 2% of the Group's 2012 sales, respectively.
- The Rexel Group estimates that the industrial, commercial and residential markets respectively represented 33%, 44% and 23% of its total 2012 sales from electrical equipment distribution.

However, this distribution varies depending on geographical areas. For example, the residential market accounted for approximately 5% of 2012 sales in North America and the industrial market accounted for close to 82% of 2012 sales in China. In each geographical area, construction, renovation, and maintenance activities evolve differently.

An economic downturn in one or more of the Group's markets, or across all of its markets, would have an adverse effect on its financial condition or results of operations. Similarly, political or economic instability in one of the countries where the Rexel Group is established may have an adverse impact on its financial condition or results of operations in such country and of the Rexel Group.

The Rexel Group has substantial existing debt and may incur additional debt, which could adversely affect the Rexel Group's flexibility, including its ability to obtain financing in the future and to react to changes in its business.

At December 31, 2012, the Rexel Group's consolidated net debt amounted to €2,599.2 million (€2,930.8 million in consolidated total debt), compared to consolidated net debt of €2,078.2 million (and €2,516.0 million in consolidated total debt) at December 31, 2010. As of December 31, 2012, after giving pro forma effect to this offering and the application of the net proceeds therefrom to redeem the 8.25% Notes, and the entry into the Senior Facilities Agreement, the Issuer on a stand-alone basis

would have had approximately €1,900 million aggregate principal amount of outstanding unsecured Indebtedness, which is comprised of the Notes issued in this offering and an additional €1,015 million with which the Notes would rank equal, plus the ability to incur up to €1,074.1 million under the Senior Facility Agreement; and the Issuer's Subsidiaries would have had approximately €1,319 million aggregate principal amount of outstanding Indebtedness, including €1,100 million under securitization programs and €82 million under finance lease obligations, to which the Notes would have been effectively junior.

The Group's debt could have important consequences for holders of the Notes, including the following:

- the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired, and the cost of such additional financing may increase;
- Rexel's ability to satisfy its obligations under the Notes may be impaired in the future;
- a substantial portion of the Group's cash flow from operations must be dedicated to the payment of principal and interest on the Group's indebtedness, thereby reducing the funds available for operations, capital expenditures, future business opportunities and other purposes;
- the Group may be at a competitive disadvantage compared to its competitors that are not highly leveraged;
- the Group is exposed to the risk of increased interest rates because a portion of its borrowings are at variable rates of interest; and
- the Group's flexibility to adjust to changing market conditions and its ability to withstand competitive pressures could be limited, and it may be more vulnerable than less leveraged companies to the effect of a downturn in economic or market conditions on its business.

In addition, subject to specified limitations, the Notes will permit Rexel and its subsidiaries to incur or guarantee substantial additional indebtedness. If new debt is added to our existing debt levels, the risks that we now face could intensify. Moreover, some of the debt that we incur in the future could be, among other things, structurally senior to the Notes or mature prior to the Notes.

The Group's ability to pay interest on its debt under the Senior Facility Agreement, the 7% Notes, the 6.125% Notes and the Notes and to satisfy its other debt obligations will depend upon its future operating performance. Prevailing economic conditions and financial, business and other factors, many of which are beyond Rexel's control, will affect its ability to make these payments. If, in the future, the Group cannot generate sufficient cash flow from operations to make scheduled payments on the Senior Facility Agreement, the 7% Notes, the 6.125% Notes or the Notes or to meet its other obligations, the Group will need to refinance its debt, obtain additional financing, possibly delay planned acquisitions and capital expenditures or sell assets. Rexel cannot assure you that its business will continue to generate positive cash flow or that it will be able to obtain funding sufficient to satisfy its debt service requirements.

The agreements and instruments governing the Group's debt contain restrictions and limitations that could limit its operating flexibility.

The Senior Facility Agreement, the 7% Notes, the 6.125% Notes and the Notes contain covenants that, among other things, restrict the ability of Rexel and its subsidiaries to, among other things:

- incur guarantee obligations;
- create liens on assets;
- dispose of assets;

- incur additional indebtedness;
- make certain loans;
- make acquisitions;
- engage in mergers or consolidations;
- create joint ventures; and
- change the business conducted by the Group.

In addition, under the Senior Facility Agreement, Rexel is required to comply with financial covenants, including leverage and interest coverage ratio requirements, as well as in certain instances limitations on the amount of capital expenditures.

Rexel's ability to comply with the covenants and restrictions contained in the Senior Facility Agreement, the 7% Notes, the 6.125% Notes and the Notes and agreements governing other existing indebtedness will depend on the Group's ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond Rexel's control. The breach of any of these covenants or restrictions could result in a default under the Senior Facility Agreement, the 7% Notes, the 6.125% Notes or the Notes or other financing agreements that would permit the Group's lenders or holders of the notes, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with any accrued and unpaid interest. This could have serious consequences on the Rexel Group's financial condition and results of operations and could cause the Rexel Group to become insolvent.

The Group's ability to generate the cash needed to service its debt, and to refinance all or a portion of its indebtedness or obtain additional financing, will depend on many factors beyond the Group's control.

Rexel's ability to make scheduled payments or, as the case may be, to refinance its obligations regarding its debt (including the Notes) will depend on the Group's financial and operating performance which, in turn, is subject to prevailing economic and competitive conditions and to financial and business factors, some of which may be beyond its control, including:

- decreased demand for the Group's products;
- market cyclicality;
- regulatory developments;
- the development or exploitation of advantages held by the Group's competitors;
- operating difficulties;
- increased operating costs;
- product prices;
- failure to integrate acquisitions successfully; and
- delays in implementing strategic projects.

In the future, Rexel's cash flow and capital resources may not be sufficient to fund its debt service obligations. If such a situation develops, the Rexel Group may be forced to further reduce or delay capital expenditures, sell assets or seek to restructure its debt, each of which could adversely affect the Rexel Group's business and further limit Rexel's ability to make payments on its indebtedness, including the Notes. Furthermore, such alternative measures may not be successful and may not permit the Group to meet its scheduled debt service obligations. Rexel also cannot assure you that it will be able to refinance any of its indebtedness or obtain additional financing. In the absence of such

operating results and resources, the Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations.

The Group's results may be adversely affected by decreases in copper prices.

The Group is exposed to fluctuations in copper based cable prices. Distribution of cable products accounted for approximately 17% of the Group's sales in 2012. As copper accounts for 60% of the composition of cables, cable prices change in accordance with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that cable prices also depend on the commercial policy and the competitive environment of suppliers in the Group's markets as well as exchange rates. The Group's exposure to copper price fluctuations is therefore indirect. For this reason, the Group does not provide a copper based cable price fluctuations sensitivity analysis.

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

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

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

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

The recurring impact on sales and gross margin for a given period is assessed in comparison to 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 2012, the Group estimates that variations in copper-based cable prices contributed to decrease, on a recurring basis, its sales by approximately 0.7% on a constant and same number of working days basis. Furthermore, the change in copper-based cable prices in 2012 resulted in a positive non-recurring impact on EBITA estimated at €1.8 million.

In comparison, in 2011, the Rexel Group estimates that variations in copper-based cable prices had contributed to improving, on a recurring basis, its sales by approximately 1.7% on a constant and same number of working days basis. Furthermore, the change in copper-based cable prices in 2011 had resulted in a positive non-recurring impact on EBITA estimated at €6.4 million.

The Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminum or nickel) or oil. The price of oil also affects transportation costs for products distributed by the Group. In 2012, transportation costs accounted for 2.6% of the Group's sales.

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

The interests of Rexel's principal shareholders may be inconsistent with the interests of holders of the Notes.

Approximately 43.3% of Rexel's share capital and voting rights are owned by a company that is owned by investment funds managed by Clayton, Dubilier & Rice, LLC, Ray France Investment SAS (a 95% owned subsidiary of Eurazeo S.A.) and investment funds managed by BAML Capital Partners (the "principal shareholders"). For more information, see Chapter 7 of the 2012 Reference Document

Extracts included herein as Annex A and "Recent Developments — Partial sale of Rexel's shares by its controlling shareholder". As a consequence, these shareholders indirectly exert significant control over the policies and operations of Rexel and their interests could conflict with interests of the holders of the Notes, particularly if the Group encounters financial difficulties or is unable to pay its debts when due. The principal shareholders could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance the value of their equity investment, even though such transactions might involve risks to you as a holder of the Notes. There could also be conflicts or disagreements among the principal shareholders, which could have a negative impact on the Group and on the holders of the Notes.

A rise in interest rates would increase the cost of servicing our debt, as would an increase in our indebtedness.

At December 31, 2012, the Rexel Group's consolidated net debt amounted to €2,599.2 million (€2,930.8 million in consolidated total debt) of which about 62% bears interest at a fixed rate and about 38% at a floating rate. Although Rexel has implemented a hedging policy to protect against interest rate fluctuations, a portion of the Group's indebtedness is subject to floating rates. Thus, a rise in interest rates could increase the cost of servicing the Group's debt. The impact of such an increase could be more significant than it would be for other companies due to the fact that the Group is highly leveraged.

The applicable margin of the Senior Facility Agreement is determined based on the indebtedness ratio under the Senior Facility Agreement. Depending on the indebtedness ratio, the margin applicable to the Senior Facility Agreement may increase and hence result in an increase in financial expenses. See "Description of Certain Indebtedness".

The Group may experience difficulties identifying acquisition targets, integrating acquired businesses and achieving anticipated synergies, and goodwill generated by acquisitions is subject to future impairment.

In recent years, the Group has carried out bolt-on acquisitions designed to increase its local and regional market shares. For more information, see Chapters 1.2 and 1.3 of the 2012 Reference Document Extracts.

The Group may, however, be unable to identify appropriate targets, complete acquisitions under satisfactory terms, ensure compliance with the terms of the relevant sale/purchase agreement, integrate acquired companies or achieve expected synergies within planned timeframes. In addition, the Rexel Group may bear expenses or be exposed to liabilities that were not discovered in its due diligence and acquisition processes. Moreover, integration costs could be higher than initially anticipated, expected synergies may not be fully achieved and the integration of acquired entities may not take place within the expected timeframe. In certain cases, minority shareholders retain interests in the share capital of the companies that the Rexel Group takes control of, usually in order to ensure management continuity, which occasionally results in increased complexity in decision-making processes. The occurrence of any of the foregoing may have an adverse effect on the Group's financial condition, results of operations or prospects.

In addition, acquisitions carried out by the Group often give rise to the recognition in its financial statements of goodwill representing the expected future economic benefits from the purchased assets over and above the intrinsic value of the assets themselves. Downward revisions of these expected benefits, including due to changes in macroeconomic conditions in particular, may lead to goodwill impairments, which would then have an adverse impact on the Group's financial condition and results of operations. At December 31, 2012, the Group had goodwill of €4,369.2 million and it recognized €45.7 million of goodwill impairment in 2012 (see note 10.1 to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering

memorandum). A sharp deterioration in the economic environment could lead to substantial goodwill impairments.

The Group faces intense competition in its markets, which may have an adverse impact on its market share and operating profitability.

The market for professional distribution of low and ultra-low voltage electrical products is characterized by robust competition, as the products distributed by the Group are generally available from other distributors. At the international level, the Group competes with several large professional electrical distributors, such as Ahlsell, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Sonepar, Solar and WESCO International. The Group also competes with smaller independent distributors that operate on the national, regional or local level, and which may create cooperative purchasing organizations at the expense of the Rexel Group. 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. Furthermore, the development of new internet-based communication tools may allow new entrants to reach certain of the Rexel Group's customers and therefore capture a portion of its market share.

Although Rexel believes that, based on 2012 sales, it is the leading distributor in North America and in the Asia-Pacific region and number two in Europe, some of the Group's competitors may have a larger market share than the Group in certain geographic areas. In addition, the 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 Group is seeking to expand. Furthermore, the Group competes with manufacturers that sell their products directly to certain clients in the industrial and services markets, essentially in connection with large projects, large do-it-yourself stores that distribute products directly to residential end-users, and electrical equipment distributors that specialize in e-commerce. Finally, regional competitors and new market entrants could attempt to hire the Group's employees, particularly sales and branch management personnel, which could have a negative effect on Rexel's operations. The competitive pressure that the Rexel Group faces could therefore have an adverse effect on its financial condition, results of operations or prospects.

The Group is in the process of rationalizing its information technology systems, which could generate higher than expected costs or lead to other difficulties, and the evolution or malfunction of the Group's logistical structures may result in disruptions of its business.

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

In 2012, the Group continued the rationalization and modernization and selective convergence plan of its IT systems and data processing centers (datacenters), particularly in Europe and in North America. The Group cannot, however, provide assurances that this plan will be completed on satisfactory terms or within the expected timeframes, or that the results will be entirely as expected. The Group may also be required to make unforeseen expenditures or may experience temporary or extended disruptions with respect to its personnel, operations or information flow.

Finally, the adaptation of the Rexel Group's logistical structures or malfunction of one or more 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.

The Group may be adversely affected by its reliance on a limited number of suppliers.

In order to rationalize its purchasing and strengthen its relationships with a smaller number of manufacturers, the Group has been pursuing a policy of reducing the number of its suppliers. In 2012, the Group's purchases from its 25 leading suppliers accounted for approximately 50% of its total purchases; approximately 75% of its total purchases were from its 200 leading suppliers.

In general, the Group's distribution business involves entering into short- and medium-term agreements with suppliers. The renegotiation of these agreements may lead to the suppliers' refusal to renew agreements or insistence to renew on terms that are less favorable to the 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 Group. Finally, the Group could face the inability of one or more of its suppliers to meet its contractual obligations, which could result in a decrease in its sales volume.

In certain geographical areas, the 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 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 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 these events could have an adverse effect on the Group's financial condition, results of operations or prospects.

The Group is exposed to risks due to attacks against its reputation.

Considering its international presence and visibility, the Group is exposed to attacks of various natures against its reputation. Such attacks may be made via the Internet and social media which can magnify their effect due to the characteristics (real time reactions and an exponential diffusion of information) of these media. Any such attacks against the Group's reputation may affect the Group's business, financial situation or results of operations.

The Group is exposed to risks due to the international nature of its business.

In 2012, the Group distributed low and ultra-low voltage electrical products in 37 countries. Since the beginning of 2011, the Group has also been present in Brazil and India. France accounted for approximately 18% of the Group's sales in 2012 (compared to 19% of the Group's 2011 sales). Europe (excluding France), North America and Asia-Pacific accounted for 38%, 32% and 10% of the Group's sales in 2012, respectively (compared to 39%, 29% and 10% of the Group's 2011 sales, respectively). The 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 Group operates; and
- political and/or economic instability, including the possibility of wars or terrorist attacks.

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

In addition, as an international group operating in multiple jurisdictions, the Group has structured its commercial and financial activities in light of diverse regulatory requirements and its commercial, financial and tax objectives. These 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 Group operates may not provide clear-cut or definitive doctrines, the tax regime applied to the Group's operations and intra-group transactions or reorganizations is sometimes based on the Group's reasoned interpretations of French or local tax laws and regulations. The Group cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which may adversely affect its financial condition or results of operations.

Furthermore, the Rexel Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from its entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits, and on the expected future results of the relevant entities. Any reduction in the ability to use these assets due to changes in local laws and regulations, potential tax reassessments, or lower-than-expected results could have a negative impact on the Group's financial condition or results of operations. As at December 31, 2012, the Rexel Group's deferred tax assets linked to tax loss carry-forwards totaled €327.2 million, depreciated in an amount of €147 million (see note 9.2 of the Notes to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum).

Existing or future laws and regulations in the markets in which the Group operates could require the Group to incur significant expenses.

As a result of the multiple regulations applicable to the activities of companies operating in the Rexel Group's sector, the Rexel Group must ensure, inter alia, that its suppliers comply with the standards and directives in relation to product quality, environmental protection or safety.

The products distributed by the Group are subject to numerous legal and regulatory requirements, particularly commercial (including relating to product liability), customs and tax regulations applicable in each of the jurisdictions in which the Group operates. These products are also subject to quality and safety regulations and inspections resulting from national and international standards. In particular, these regulations involve European Union directives and standards adopted by international organizations, such as the European Committee for Electrotechnical Standardisation and the International Electrotechnical Commission. Changes in such laws and regulations and their implementation may require the Rexel Group to change its product offering in any affected country or region or cause a decrease in the Group's sales or an increase in its distribution expenses.

Rexel believes that its business does not present 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 (e.g. air and water) or biodiversity. However, the 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 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, results of operations or prospects.

The Group may incur substantial costs or liabilities in connection with currently pending litigation.

The Group is involved in tax, commercial and environmental disputes. In particular, some of the Group's subsidiaries are involved in tax audits and reassessments, in particular in France and Belgium. The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. See Note 25 of Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum.

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

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

Finally, 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 Rexel's financial condition, results of operations or prospects.

Rexel may incur significant expenses in connection with pension plans which may adversely affect its financial condition.

Rexel is engaged in approximately 59 defined benefit pension plans across 16 countries, principally in The Netherlands, the United Kingdom, Canada and in Switzerland.

As at December 31, 2012, Rexel's liabilities in respect of the pension plans and similar defined-benefit programs amounted to €1,422.3 million (present value of the projected obligation as of December 31, 2012). Related pension plan assets assessed at market value as at December 31, 2012 amounted to €1,049.7 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 of the Notes to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum. 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.

Plan assets mainly include shares and bonds. Their value is therefore subject to changes in these markets. As at December 31, 2012, plan assets were allocated, on average, as follows: 25% in shares; 46% in bonds; and 29% in money market and other investments.

A downturn in financial markets may materially reduce the value of the plan assets, which may lead to reduced coverage of the commitments related to pension plans by the plans' assets, and, therefore, a larger anticipated net financial expense with respect to future financial years for the Group. In addition, a decrease in the discount rates, net of the estimated inflation rates, would entail

an increase in the pension liabilities. Moreover, depending on financing rules specific to each country and each plan, the Group may be forced to carry out additional contributions, potentially spread over time, in order to comply with certain ratios between the liability under the plans and the fair value of the plans' assets.

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

The Group's securitization programs impose conditions on the quality of its receivables and service levels.

Certain Group companies are engaged in securitization programs: a securitization program in the United States in an amount of $470 million; a securitization program in Europe and Australia in an amount of €425 million; a securitization program in Canada in an amount of C$190 million; and a securitization program in Europe in an amount of €384 million. As of December 31, 2012, the total outstanding amount authorized for these securitization programs was €1,309.9 million, and up to €1,199.5 million was utilized (of which €99.9 million in the U.S. off balance sheet program). Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable. For a description of Rexel's securitization programs, see "Description of Certain Indebtedness — Securitization Programs" and the notes to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum. Up to $220 million of the U.S. on-balance sheet securitization program can be allocated to an off-balance sheet program restricted to Rexel's U.S. subsidiaries. For a description of this off-balance sheet program, see Notes 11.2 and 20.1.3 of the notes to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum.

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

These securitization programs are an important financing tool for the Group. In such cases, Rexel cannot provide assurances that the Group can obtain refinancing on similar or otherwise favorable terms, or obtain refinancing at all. The inability to refinance or the implementation of refinancing on less favorable terms may have a material adverse effect on the financial condition or results of operations of the Group.

Risks relating to the Notes

The Issuer will rely on payments from its subsidiaries to pay its obligations under the Notes.

Rexel is primarily a holding company, with business operations principally located at the level of Rexel Développement and its subsidiaries. Accordingly, Rexel will have to rely largely on dividends and other distributions from Rexel Développement and its subsidiaries to make payments under the Notes. Rexel cannot assure you that the earnings from, or other available assets of, these operating subsidiaries, together with its own operations, will be sufficient to enable the payment of principal or interest on the Notes when due.

The payment of dividends and the making of loans and advances to Rexel by its subsidiaries are subject to various restrictions, including:

- restrictions under applicable company or corporation law that restrict or prohibit companies from paying dividends unless such payments are made out of profits available for distribution;
- restrictions under the laws of certain jurisdictions that can make it unlawful for a company to provide financial assistance in connection with the acquisition of its shares or the shares of any of its holding companies;
- statutory or other legal obligations that affect the ability of Rexel's subsidiaries to make payments to it on account of intercompany loans; and
- existing or future agreements governing Rexel's debt that may prohibit or restrict the payment of dividends or the making of loans or advances to the Issuer.

If Rexel is not able to obtain sufficient funds from its subsidiaries, it will not be able to make payments on the Notes.

The Notes will be structurally subordinated to the obligations of Rexel's subsidiaries.

None of Rexel's subsidiaries will initially guarantee the Notes. You will therefore not have any direct claim on the cash flows or assets of Rexel's subsidiaries and Rexel's subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments. Generally, claims of creditors, including lenders and trade creditors, and claims of preference shareholders (if any), will have priority with respect to the assets and earnings over the claims of a company's ordinary shareholders, including the claims of its parent entity. Accordingly, claims of creditors and preference shareholders of Rexel's subsidiaries will also generally have priority over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceedings of any of Rexel's subsidiaries, holders of their debt and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Rexel. As such, the Notes will be structurally subordinated to the claims of creditors (including lenders and trade creditors) and preference shareholders (if any) of Rexel's non-guarantor subsidiaries. While Rexel's subsidiaries will be required, if they guarantee certain types of debt, also to guarantee the Notes, such subsidiaries will also be permitted under the Indenture to incur or guarantee some debt without providing such guarantees, and any such future debt will also be structurally senior to the Notes.

The Group may be unable to raise funds necessary to finance any change of control repurchase offers required by the Notes.

If Rexel experiences specified changes of control, it will be required to make an offer to purchase all of the outstanding Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of specified events that would constitute a change of control would also require early repayment of the Senior Credit Facility, the 7% Notes and the 6.125% Notes. In addition, a failure by Rexel to purchase the Notes after a change of control in accordance with the terms of the Notes would result in a default under the Senior Facility Agreement, the 7% Notes and the 6.125% Notes and may cause such a default under the Group's other indebtedness.

If a change of control were to occur, Rexel cannot assure you that the restrictions in the Senior Facility Agreement, the 7% Notes and the 6.125% Notes or other contractual obligations would allow it to make such required repurchases. If an event constituting a change of control occurs at a time when the Issuer is prohibited from repurchasing Notes, Rexel will need to seek the consent of the lenders

under such indebtedness to purchase the Notes, or to attempt to repay or offer to repay the borrowings that contain such prohibition. If Rexel does not obtain such a consent or repay such borrowings, Rexel will remain prohibited from repurchasing any tendered Notes, which will be an event of default under the Notes. In addition, Rexel may not have the resources to finance the redemption of the Notes and an early repayment of the Senior Credit Facility Agreement, the 7% Notes or the 6.125% Notes required by a change of control of Rexel, and currently Rexel expects that it would require third party financing to make an offer to repurchase the Notes upon a change of control. Rexel cannot give any assurances that it would be able to obtain such financing.

The change of control provision in the Notes may not necessarily afford investors protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving the Group that may adversely affect holders of Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture governing the Notes.

You may face currency exchange risks by investing in the Notes.

The Euro Notes are denominated and payable in euros and the Dollar Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than the currency in which your notes are denominated, investment in such notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the dollar or the euro, as applicable, relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the dollar or the euro, as applicable, against the currency in which you measure your investment returns would cause a decrease in the effective yield of the notes below their stated coupon rates and could result in a loss to you when the return on the notes is translated into the currency in which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the notes.

Early redemption of the Notes may reduce an investor's expected yield.

Either or both series of the Notes may be redeemed at the option of Rexel as more fully described in the "Description of Notes". In the event that Rexel exercises the option to redeem either or both series of the Notes, you may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and most of its subsidiaries are organized outside the United States, and most of the Group's business is conducted outside the United States. Most of the directors and executive officers of the Issuer are non-residents of the United States. Although the Issuer will submit to the jurisdiction of certain New York courts with respect to the indenture governing the Notes, you may be unable to effect service of process within the United States on certain of the directors and executive officers of the Issuer. In addition, as most of the assets of the Issuer and most of its subsidiaries and those of certain of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with

France. There is, therefore, doubt as to the enforceability in France of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France. In addition, the enforcement in France of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a French court would have the requisite power or authority to grant remedies sought in an original action brought in France on the basis of U.S. securities laws violations. For further information see "Enforcement of Judgments".

French insolvency may not be as favorable to holders of Notes as laws of another jurisdiction with which holders are familiar.

Rexel is incorporated under the laws of France. In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes. The following is a general discussion of insolvency proceedings governed by French law. This summary is provided for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods.

In addition to insolvency laws discussed below, your enforcement rights may, like those of any other creditor, be subject to Article 1244-1 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving a debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1244-1 of the *Code civil* will suspend any pending enforcement measures, and any contractual interest or penalty for late payment exceeding the legal rate will not accrue or be due during the period ordered by court.

Court assisted pre-insolvency proceedings.

Pre-insolvency proceedings may only be initiated by the debtor company itself, in its sole discretion, provided that it experiences or anticipates legal, economic or financial difficulties (1) while still being able to pay its debts as they fall due out of its available assets (*i.e.*, the company is not in *cessation des paiements*) in case of *mandat ad hoc* or *conciliation* proceedings, or (2) while being in *cessation des paiements* for less than 45 days in case of conciliation proceedings only.

Mandat ad hoc and *conciliation* proceedings are informal proceedings carried out under the supervision of the president of the court. The president of the court will appoint a third party (as the case may be, a *mandataire ad hoc* or a *conciliateur*) in order to help the debtor to reach an agreement with its creditors, in particular by reducing or rescheduling its indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as the court appointed third party. Arrangements reached through such proceedings are non-binding on non-parties, and the *mandataire ad hoc* or *conciliateur* has no authority to force the parties to accept an arrangement.

Mandat ad hoc proceedings.

Such proceedings are confidential. The agreement reached by the parties (if any) will be reviewed by the president of the court but, unlike in conciliation proceedings, French law does not provide for specific consequences attached to such review.

Conciliation proceedings.

Such proceedings are confidential. If an agreement is reached among the parties in the context of *conciliation* proceedings, it may be either recognized (*constaté*) by the president of the court or, at the request of the debtor (and provided that certain conditions are satisfied), sanctioned (*homologué*) by the court (in which case the proceedings cease to be confidential).

Recognition (*constatation*) of the agreement by the president of the court gives the agreement the legal force of a final judgment, which means that it constitutes a judicial title that can be enforced by the parties without further recourse to a judge (*titre exécutoire*).

Sanction (*homologation*) by the court has the following consequences:

- creditors who, as part of the sanctioned agreement, provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy priority of payment over all pre-petition and post-petition claims (other than certain pre-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; or
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* cannot be determined by the court as having occurred earlier than the date of the sanction of the agreement, except in case of fraud.

Court controlled insolvency proceedings.

The following French insolvency proceedings may be initiated by or against a company whose center of main interest (within the meaning of the E.U. Insolvency Regulation) is in France:

(a) safeguard proceedings (*procédure de sauvegarde*), if such company, while not being in *cessation des paiements*, is facing difficulties which it cannot overcome; or

(b) accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) if such company is in conciliation proceedings; or

(c) judicial reorganization (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings if such company is in *cessation des paiements*.

The proceedings may be initiated before the relevant court:

- in the event of (a) or (b) above, upon petition by the company only; and
- in the event of (c) above, upon petition by the company, any creditor or the public prosecutor.

While a company does not have an obligation to apply for safeguard or accelerated financial safeguard proceedings, it is required to petition for the opening of judicial reorganization or judicial liquidation proceedings within 45 days of becoming unable to pay its due debt out of its available assets (*cessation des paiements*), unless it has requested the opening of conciliation proceedings within the same 45 day period. If such petition is not made, directors and, as the case may be, de facto managers of the company, may be subject to civil liability.

In safeguard and judicial reorganization proceedings, a court appointed administrator (whose name can be suggested by the debtor in case of safeguard) investigates the business of the company during an initial observation period, which may last for up to six months renewable once (plus an additional six months under exceptional circumstances). In safeguard proceedings, the administrator's mission is limited to either supervising the debtor's management or assisting it, and assisting the company in the preparation of a safeguard plan. In judicial reorganization proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganization of the company, which

proposals may include the sale of all or part of the company's business to a third party. In judicial reorganization, the court may also decide that the administrator will manage the company him/herself. At any time during this observation period, the court can order the liquidation of the company if its rescue has become manifestly impossible.

Creditors' committees and adoption of the safeguard or reorganization plan

In the case of large companies (with more than 150 employees or turnover greater than €20 million), two creditors' committees (one for financial creditors having a claim against the debtor and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers) must be established. For companies that do not meet those thresholds, the committees may also be established at the request of the debtor or the court-appointed administrator. To be eligible to vote, claims must be notified by the debtor to the administrator and certified by the debtor's statutory auditors.

In addition, if there are any outstanding debt securities in the form of "*obligations*" (such as bonds or notes), a general meeting gathering all holders of such debt securities (the "bondholders general meeting") shall be held. All bondholders and noteholders will be represented in the same bondholders general meeting, whether or not there are different issues and irrespective of the law applicable to each issue. The Notes offered hereby should constitute "*obligations*" for purposes of a safeguard, accelerated financial safeguard or reorganization proceedings.

The creditors' committees and the bondholders' general meeting will be consulted on the safeguard or reorganization plan prepared by the debtor's management and the administrator during the observation period.

In order to be adopted through the creditors committee process, the plan must, within the first 6 months of the observation period, be approved by each of the two creditors' committees and the bondholder's general meeting. Each committee must announce whether its members approve or reject such plan. Such approval requires the affirmative vote of the creditors holding at least two-thirds of the value of the claims held by members of such committee that participated in such vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing the same majority as with respect to the creditors' committees, i.e., at least two-thirds of the value of the bond claim held by bondholders voting in the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting, the plan must be submitted for approval to the relevant court. In considering such approval, the court must verify that the interests of all creditors are sufficiently protected, taking into consideration the contractual subordination arrangements existing among creditors when the proceedings were opened. Once approved by the court, the safeguard or reorganization plan accepted by the committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who voted against the adoption of the plan). A safeguard or reorganization plan may include debt deferrals, debt write-offs and debt-for-equity swaps (debt-for-equity swaps are subject to the relevant shareholder consent).

With respect to creditors who are not members of the committees, or in the event no committees are established, or in the event approval of the committees or the bondholders' general meeting has not been obtained within the first 6 months of the observation period, creditors will be consulted on an individual or collective basis, and asked whether they accept debt deferrals and/or write-offs provided for in the plan. In those circumstances, the court has the right to accept or reduce debt deferrals or write-offs with respect to the claims of creditors who have consented to such measures, but it may only

impose uniform debt deferrals (with interest) for a maximum period of 10 years with respect to the claims of non-consenting creditors.

Financial creditors' committees and adoption of the fast track financial safeguard plan

Introduced by law no. 210-1249 of October 22, 2010, accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*) may be opened against a company, at such company's request if (i) while not being *en cessation des paiements* (i.e., being unable to pay its debts as they fall due out of its available assets), it is facing difficulties which it cannot overcome, (ii) it has more than 150 employees, or its turnover exceeds €20 million, or its total assets exceeds €25 million (or €10 million if it controls directly or indirectly a company having more than 150 employees or a turnover exceeding €20 million or total assets exceeding €25 million), making it eligible to adoption of a safeguard plan through the creditor committee process, (iii) it is subject to a conciliation proceeding and (iv) the company justifies that it has prepared a safeguard plan ensuring the continued operation of the company as a going concern which has enough support from its credit institution creditors and its bondholders that it is reasonably likely to be adopted within one, or a maximum of 2 months.

Accelerated safeguard proceedings essentially take place like safeguard proceedings described above with the major exception that (i) only the financial creditors' committee is established, (ii) creditors (including trade creditors) other than those that belong to the committee of financial creditors or to bondholders are not affected by the opening of the proceedings and continue to be paid as if no proceedings had been opened and (ii) if a plan cannot be adopted within a maximum of 2 months, the court ends the accelerated financial safeguard proceedings.

The "hardening period" (période suspecte) in judicial reorganization and liquidation proceedings

The insolvency date, defined as the date when the debtor becomes unable to pay its due debts from available assets, is generally deemed to be the date of the court decision commencing the judicial reorganization or judicial liquidation proceedings. However, in the decision commencing judicial reorganization or liquidation proceedings or in a subsequent decision, a court may determine that the insolvency date be deemed to be an earlier date, up to 18 months prior to the court decision commencing the proceedings. The insolvency date, when the debtor entered into a state of cessation of payments (*cessation des paiements*), is important because it marks the beginning of the "hardening period" (*période suspecte*). Certain transactions entered into by the debtor during the hardening period are, by law, void or voidable.

Void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, provisional measures unless the security registration or the attachment/seizure predates the date of suspension of payments, share options granted or sold during the suspect period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for a debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guarantee of antecedent debts.

Voidable transactions include (i) transactions entered into, (ii) payments made when due or (iii) certain provisional and final attachment measures, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at the time. Transactions relating to the transfer of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the hardening period.

Status of creditors during safeguard, accelerated safeguard, judicial reorganization or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the creditors' representative within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except for very limited exceptions, precluded from receiving distributions made in connection with the insolvency proceedings. Employees are not subject to such limitations and are preferred creditors under French law.

In addition, in an accelerated financial safeguard:

- debts owed to creditors other than those belonging to the committee of financial creditors or to bondholders are not required to be filed as described above and should be paid in the ordinary course,
- the debtor draws a list of the claims of its creditors having participated in the conciliation proceedings, which is certified by its statutory auditors and filed with the commercial court and which is deemed to be a filing of their claim by such creditors if they do not file their claim within the general deadlines applicable in other insolvency proceedings referred to above.

From the date of the court decision commencing the insolvency proceedings, the debtor is prohibited from paying debts (in accelerated financial safeguard proceedings, to financial creditors only) which arose prior to such date, subject to specified exceptions which essentially cover the set-off of related debts, and payments made to recover assets which are necessary for the continued operation of the business if authorized by the bankruptcy judge. During this period, creditors are prevented from initiating any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due if the action was initiated before the commencement of the insolvency proceedings); or
- to terminate or cancel a contract for non-payment of amounts owed by the creditor.

Creditors are also barred from taking any action against the debtor, including enforcing security interests.

Contractual provisions that would accelerate the payment of the company's obligations upon the occurrence of (i) the opening of safeguard, accelerated financial safeguard, or judicial reorganization proceedings or (ii) insolvency (*cessation des paiements*), are not enforceable under French law. The opening of liquidation proceedings, however, automatically accelerates the maturity of all of a company's obligations unless the continued operation of the business with a view to the adoption of a "plan of sale of the business" (*plan de cession*) is ordered by the court in which case the acceleration of the obligations will only occur on the date of the court decision adopting the "plan of sale of the business" or on the date on which the continued operation of the business ends.

The administrator may also terminate or, provided that the debtor fully performs its post-petition contractual obligations, continue on-going contracts.

If the court adopts a safeguard plan or a reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company and settling the relevant debts in accordance with their ranking. If the court adopts a plan for the sale of the business (*plan de cession*), the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, officials appointed by the commercial court, creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services, post-petition creditors, certain secured creditors essentially in the event of liquidation proceedings, and the French Treasury.

Transactions on the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission adopted a proposal for a directive on the financial transaction tax (hereafter "FTT") to be implemented under the enhanced cooperation procedure by eleven Member States initially (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain). Member States may join or leave the group of participating Member States at later stages. The proposal will be negotiated by Member States, and, subject to an agreement being reached by the participating Member States, a final directive will be enacted. The participating Member State will then implement the directive in local legislation. The aim of the European Commission is for the FTT to enter into force on January 1, 2014.

If the proposed directive is adopted and implemented in local legislation, holders of Notes may be exposed to increased transaction costs.

Potential purchasers and sellers of the Notes may be subject to the payment of certain other taxes.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay other taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this offering memorandum but to consult their own tax advisor as to their individual taxation with respect to the acquisition, holding and disposition of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. The investment consideration in the Notes has to be read in connection with the taxation section of this offering memorandum.

The Notes may be issued with original issue discount for U.S. federal income tax purposes.

The Notes may be issued with original issue discount ("OID") for U.S. federal income tax purposes. A U.S. Holder (as defined in "Taxation — Certain United States Federal Income Tax Considerations") generally will be required to include OID in gross income as ordinary interest income for U.S. federal income tax purposes as it accrues, before such U.S. Holder receives any cash payment attributable to such income and regardless of such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. See "Taxation — Certain United States Federal Income Tax Considerations."

EU Savings Directive.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State (the Disclosure of Information Method). However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such

transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). For additional developments, see "Taxation — EU Directive on the Taxation of Savings Income".

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a paying agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

There currently exists no market for either the Dollar Notes or the Euro Notes, and Rexel cannot assure you that such an active trading market for either the Dollar Notes or the Euro Notes will develop.

The Notes will be new securities for which there currently is no market. Application has been made to list the Dollar Notes and the Euro Notes on the Official List of the Luxembourg Stock Exchange and to admit such Notes for trading on the Euro MTF market. However, there is a risk that no liquid secondary market for either the Dollar Notes or the Euro Notes will develop or, if it does develop, that it will not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. In an illiquid market, an investor is subject to the risk that he will not be able to sell his Notes at any time at fair market prices or even at all.

The liquidity of any market for either the Dollar Notes or the Euro Notes will depend on the number of holders of such Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Group's financial condition, results of operations and prospects, as well as recommendations of securities analysts. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the markets for the Notes will be subject to disruptions. Any such disruption may have a negative effect on investors in the Notes, regardless of the Group's financial condition, results of operations and prospects.

The market value of the Notes could decrease if the creditworthiness of the Group worsens.

If, for example, because of the materialization of any of the risks regarding the Group, the likelihood that Rexel will be in a position to fully perform all obligations under the Notes when they fall due decreases, the market value of the Notes will suffer. In addition, even if the likelihood that Rexel will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as Rexel could adversely change.

If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialization of these risks. Under these circumstances, the market value of the Notes will decrease.

There is no visibility on the trading price for the Notes.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates and the level of demand for the Notes of the relevant series and for high yield securities generally, as well as the Group's financial condition, results of operations and prospects. The Notes may thus trade at prices that are lower than their initial purchase price. Price movements in the Dollar Notes and the

Euro Notes may also not necessarily correlate. The holders are therefore exposed to the risk of an unfavorable development of market prices of their Notes which materialize if the holders sell the Notes prior to the final maturity.

Since the Notes have a fixed interest rate, their market price may drop as a result of increases in market interest rates.

The Notes bear a fixed interest rate. A holder of fixed rate notes is particularly exposed to the risk that the price of such notes falls as a result of changes in the market interest rate. While the nominal interest rate is fixed during the life of the Notes, the market interest rate typically changes on a daily basis. As the market interest rate changes, the price of fixed rate notes also changes, but in the opposite direction. Thus, if the market interest rate increases, the price of fixed rate notes typically falls, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate decreases, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If a holder of the Notes holds his Notes until maturity, changes in the market interest rate are without relevance to such holder as the Notes will be redeemed at their principal amount.

Definitive notes, if any, may not be delivered with respect to Notes that have a denomination that is not an integral multiple of $200,000 in respect of the Dollar Notes, or of €100,000 in respect of the Euro Notes.

The Dollar Notes and Euro Notes have denominations consisting of a minimum of $200,000 plus one or more higher integral multiples of $1,000 and of a minimum of €100,000 plus one or more higher integral multiples of €1,000, respectively. It is possible that the Dollar Notes or Euro Notes may be traded in amounts that are not integral multiples of $1,000 or €1,000, as applicable. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than $200,000 or €100,000, as applicable, in his account with the relevant clearing system at the relevant time may not receive a definitive Dollar Note or Euro Note, as applicable, in respect of such holding (should definitive Dollar Notes and/or Euro Notes be printed) and would need to purchase a principal amount of Dollar Notes or Euro Notes such that its holding amounts to $200,000 or €100,000, as applicable.

If definitive Dollar Notes and/or Euro Notes are issued, holders should be aware that definitive Dollar Notes and/or Euro Notes which have a denomination that is not an integral multiple of $1,000 or €1,000, as applicable, may be illiquid and difficult to trade.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. We have not agreed to or otherwise undertaken to register the Notes under the Securities Act (including by way of an exchange offer), and we do not have any intention to do so. See "Plan of Distribution," "Notice to Investors" and "Transfer Restrictions."

Your rights as a noteholder will be limited so long as ownership in the Notes is evidenced by book-entry interests.

Owners of the book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, DTC or its nominee, in respect of the Dollar Notes, or Euroclear and Clearstream or their nominee in respect of the Euro Notes will be the registered holder of Notes.

After payment to the registered holder, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC or Euroclear and Clearstream, as applicable, and if you are not a participant in DTC or Euroclear and Clearstream, as applicable, on the procedures of the participants through which you own your interest, to exercise any rights and obligations of a holder under the indenture governing the Notes. See "Book-Entry, Delivery and Form."

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions for holders of the Notes. Instead, you may be entitled to act only to the extent you have received appropriate proxies to do so from the Clearing System or, if applicable, from a participant. Rexel cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the relevant Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financing and could adversely affect the value and trading of such Notes.

USE OF PROCEEDS

In connection with the offering of the Notes, Rexel will receive net proceeds of approximately €869.5 million[1] after deduction of costs and underwriting commissions.

Rexel will use the net proceeds of the offering of the Notes for the redemption of the 8.25% Notes as part of the Refinancing Transactions and for general corporate purposes. We expect to use approximately €655.6 million to redeem the 8.25% Notes, which will be redeemed at a price of 100% of the principal amount thereof plus the applicable make-whole premium (the amount of which will be determined three business days prior to the redemption date), as set forth in the trust deed governing the 8.25% Notes, plus accrued and unpaid interest to the redemption date.

(1) Reflects the equivalent in euros of the Dollar Notes offered hereby, converted at a €/$ rate of 1.30 (the closing exchange rate on March 15, 2013).

CAPITALIZATION

The following table sets forth Rexel's cash and cash equivalents, total financial debt and total capitalization as at December 31, 2012 on an historical basis and as adjusted to reflect the completion of the sale and issuance of the Notes and to give effect to the Refinancing Transactions.

You should read this table in conjunction with the section entitled "Use of Proceeds" in this offering memorandum, Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2012 Reference Document Extracts included herein as Annex A to this offering memorandum, and Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum.

	As at December 31, 2012		
In millions of euros	Actual	Adjustments	As Adjusted[1]
Securitization programs	1,099.5	—	1,099.5
Finance lease obligations	82.3	—	82.3
Senior credit facilities	25.9[2]		25.9
Senior Notes	1,504.3	(630.0)[3]	874.3
Commercial paper	114.8		114.8
Bank loans	60.0	—	60.0
Bank overdrafts and other credit facilities	77.6	—	77.6
Accrued interests	9.4		9.4
Dollar Notes offered hereby	—	384.6[4]	384.6
Euro Notes offered hereby	—	500.0	500.0
Less transaction costs	(43.1)	(19.3)[5]	(62.4)
Total Financial Debt and Accrued Interest	**2,930.8**	**235.3**	**3,166.0**
Cash and cash equivalents	**(291.9)**	**(216.4)**	**(508.3)**
Fair value hedge derivatives	**(39.8)**		**(39.8)**
Total Net Financial Debt	**2,599.2**	**18.9**[6]	**2,617.9**
Total Equity	**4,117.6**	**(12.1)**[7]	**4,105.5**
Total Capitalization	**6,716.6**	**6.8**	**6,723.4**

(1) This column presents the Rexel Group's capitalization on a consolidated basis and on an as adjusted basis to give effect to the Refinancing Transactions.

(2) Amount of borrowings outstanding at December 31, 2012 under a bilateral credit agreement dated July 28, 2010, which was terminated on March 15, 2013 pursuant to the Refinancing Transactions and repaid through a drawing under the Senior Credit Facility. As a result, we have €1,074.1 million of undrawn availability under the Senior Credit Facility.

(3) In connection with the redemption of the 8.25% Notes at their make-whole redemption price, this amount consists of approximately €586.3 million for the par amount of the redemption price of the 8.25% Notes and €43.7 million for the write-back of fair value adjustments on the 8.25% Notes. See Note 20.1.1 to Rexel's consolidated financial statements for the year ended December 31, 2012 for a discussion of such fair value adjustments. The redemption date of the 8.25% Notes will be on or about April 17, 2013.

(4) Reflects the equivalent in euros of the Dollar Notes offered hereby, converted at a €/$ rate of 1.30 (the closing exchange rate on March 15, 2013).

(5) Reflects the capitalization of transaction costs relating to the Notes of €15.1 million and to the Senior Credit Facility of €13.9 million after deducting the amortization of transaction costs of

€9.7 million with respect to the 8.25% Notes that will be redeemed as part of the Refinancing Transactions.

(6) Consists of €52.9 million for the make-whole premium payable in connection with the redemption of the 8.25% Notes and €9.7 million for the write-back of transaction costs in connection with the redemption of the 8.25% Notes after deducting the fair value adjustments on the 8.25% Notes of €43.7 million. This make-whole premium amount is an assumed amount calculated based on the applicable Bund rate as of March 14, 2013 and an assumed redemption date of April 16, 2013. The actual make-whole premium amount will be calculated, in accordance with the trust deed pursuant to which the 8.25% Notes were issued, based on the applicable Bund rate three business days prior to the actual redemption date.

(7) Effect of Refinancing Transactions net of tax (at the assumed statutory rate of 36.1%), including in particular the tax costs and income generated by the payment of the make-whole premium, the reversal of fair value adjustments and the write-back of capitalized transaction costs.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The Group's sources of financing, including its debt facilities, are described in Section 4.5 "Sources of Financing" in Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2012 Reference Document Extracts included herein as Annex A to this offering memorandum and in Note 20 to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included in the F-pages of this offering memorandum.

The following description of the various financings does not purport to be complete.

Senior Credit Facility

Rexel refinanced its €1.7 billion existing revolving credit facilities agreement dated December 17, 2009 as amended on April 21, 2011 by entering on March 15, 2013 into a new revolving credit facility agreement (the "Senior Facility Agreement") with Crédit Agricole Corporate and Investment Bank (also acting as Documentation Agent, Facility Agent and Swingline Agent), BNP Paribas, Crédit Industriel et Commercial, HSBC France, ING Bank S.A., Succursale en France, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement consists of a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of up to €165 million.

Rexel is the sole borrower under the Senior Facility Agreement. No guarantee or security was granted by any member of the Group under the Senior Facility Agreement.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 2.00% per annum and varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facility Agreement) calculated as of December 31 and June 30 of each year. The margin ranges from 1.45% to 3.00%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Financial undertakings and covenants

Under the Senior Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting

date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

Other undertakings and covenants

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

The Senior Facility Agreement also requires Rexel and any of its material subsidiaries to comply with certain customary affirmative covenants, including, but not limited to, covenants relating to legal status, insurance, taxation, intellectual property, compliance with laws and pension schemes.

Prepayment

The Senior Facility Agreement must be prepaid, subject to certain agreed circumstances and exceptions and in varying amounts, such as in the event of a change of control of Rexel or a sale of all or substantially all of the assets of the Group.

Voluntary prepayments and cancellations are also permitted under the Senior Facility Agreement, subject to minimum amounts.

Events of Default

The Senior Facility Agreement contains customary events of default, the occurrence of any of which would entitle the lenders to accelerate all or part of the outstanding loans and terminate their commitments in respect of the Senior Facility Agreement.

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 main characteristics of these programs are summarized below:

Program	Commitment	Amount of receivables assigned as of December 31, 2012	Amount drawn down as of December 31, 2012	Outstanding amount as of December 31, 2012	Repayment
	(in millions of currency)			*(in millions of euros)*	
2011 — Europe and Australia	€425.0	€572.6	€422.3	€422.3	December 16, 2016
United States	US$470.0	US$501.9	US$370.4	€280.7	December 18, 2015
Canada[(1)]	C$190.0	C$279.5	C$190.0	€144.6	November 17, 2017
2008 — Europe	€384.0	€535.9	€351.8	€351.8	December 17, 2013
TOTAL				**€1,199.5**	
Of which:	***— on balance sheet:***			***€1,099.5***	
	— off balance sheet (Ester program):			***€99.9***	

(1) On November 19, 2012, Rexel renewed the securitization program in Canada for a five-year period.

As of December 31, 2012, the total outstanding amount authorized for these securitization programs was €1,309.9 million, of which €1,199.5 million was utilized.

In December 2008, the Rexel Group launched a new securitization program, which initially included Hagemeyer's operations in the United Kingdom and Germany, as well as Rexel's Belgian subsidiary. In the first quarter of 2009, Rexel's operations in Spain and The Netherlands joined this program. This program has a term of five years, maturing in 2013.

Rexel's securitization program in the United States, which was initially set up in 2003, was amended in 2006 to, among other things, include receivables for GE Supply (currently known as Gexpro) which was acquired during that year. This program matures in 2015.

In 2005, the Rexel Group established two 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 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. The program for Europe and Australia was renegotiated in 2011 to bring more flexibility to the Group; the new program matures in 2016.

For more detailed information on Rexel's securitization programs, see Notes 11.2 and 20.1.3 of the Annexes to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included herein.

Furthermore, Rexel also operates an off-balance sheet program restricted to its US subsidiaries: on December 23, 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon (now known as Crédit Agricole Corporate and Investment Bank), to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a Receivables Participation Agreement. This agreement allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2015. As of December 31, 2012, receivables derecognized totaled €112.2 million (€102.8 million as of December 31, 2011) and the resulting loss was recorded as a financial expense for €5.3 million (€4.1 million in 2011). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totaled €18.5 million and was recognized in financial liabilities.

For a description of this off-balance sheet program, see Note 11.2 to Rexel's audited consolidated financial statements for the year ended December 31, 2012 included herein.

6.125% Notes due December 2019

On March 28, 2012, Rexel issued $400 million senior unsecured notes, the 6.125% Notes, the proceeds of which were applied for general corporate purposes. On April 23, 2012, Rexel issued an additional $100 million of 6.125% Notes that were consolidated with and form a single series with the 6.125% Notes issued in March 2012. The 6.125% Notes bear interest annually at 6.125% and are listed on the Luxembourg Stock Exchange. Rexel pays interest on the 6.125% Notes semi-annually in arrears on June 15 and December 15. The 6.125% Notes will mature on December 15, 2019.

The 6.125% Notes are senior unsecured obligations of Rexel that when issued were, but as of March 15, 2013 (i.e. the date of entry by Rexel into the revised Senior Facility Agreement under which its obligations are not guaranteed by subsidiaries) are no longer, guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The 6.125% Notes rank *pari passu* with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt.

The 6.125% Notes are redeemable in whole or in part at any time prior to December 15, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2015, the 6.125% Notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on	Redemption price (as a % of principal amount)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

In addition, at any time on or prior to June 15, 2015, the 6.125% Notes are redeemable up to 35% of the principal amount of the Notes with the proceeds of certain equity offerings.

7% Notes due December 2018

On May 27, 2011, Rexel issued €500 million unsecured notes, the 7% Notes, the proceeds of which were applied to repay certain amounts outstanding under the Senior Facilities Agreement. The 7% Notes bear interest annually at 7% and are listed on the Luxembourg Stock Exchange. Rexel pays interest on the 7% Notes semi-annually in arrears on June 17 and December 17. The 7% Notes will mature on December 17, 2018.

The 7% Notes are senior unsecured obligations of Rexel that when issued were, but as of March 15, 2013 (i.e. the date of entry by Rexel into the revised Senior Facility Agreement under which its obligations are not guaranteed by subsidiaries) are no longer, guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The 7% Notes rank *pari passu* with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt.

The 7% Notes are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, *plus* a "make-whole" premium and accrued and unpaid interest. On or after December 17, 2015, the 7% Notes are redeemable in whole or in part by paying the redemption price set forth below:

Redemption period beginning on	Redemption price (as a % of principal amount)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

In addition, at any time on or prior to June 17, 2014, the 7% Notes are redeemable up to 35% of the principal amount of the Notes with the net proceeds from one or more specified equity offerings.

8.25% Notes due December 2016

On December 21, 2009, Rexel issued €575 million senior unsecured notes, the 8.25% Notes, the proceeds of which were applied to partially refinance the previous senior credit agreement initially borne by other Group subsidiaries. On January 20, 2010, Rexel issued an additional €75 million of 8.25% Notes that were consolidated with and form a single series with the 8.25% Notes issued in December 2009. The 8.25% Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel pays interest on the 8.25% Notes semi-annually in arrears on June 15 and December 15. The 8.25% Notes will mature on December 15, 2016.

The 8.25% Notes are senior unsecured obligations of Rexel that when issued were, but as of March 15, 2013 (i.e. the date of entry by Rexel into the revised Senior Facility Agreement under which its obligations are not guaranteed by subsidiaries) are no longer, guaranteed on a senior unsecured

basis by certain of Rexel's subsidiaries. The 8.25% Notes rank *pari passu* with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt.

The 8.25% Notes are redeemable in whole or in part at any time prior to December 15, 2013 at a redemption price equal to 100% of their principal amount, *plus* a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2013, the 8.25% Notes are redeemable in whole or in part by paying the redemption price set forth below:

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

In addition, at any time on or prior to December 15, 2012, the 8.25% Notes are redeemable up to 35% of the principal amount of the Notes with the net proceeds from one or more specified equity offerings.

We intend to use part of the proceeds of the issuance of the Euro Notes issued hereby to redeem in full our 8.25% Notes at a price of 100% of the principal amount thereof plus the applicable make-whole premium, as set forth in the trust deed governing the 8.25% Notes, plus accrued and unpaid interest to the redemption date. The redemption date of the 8.25% Notes will be on or about April 17, 2013. See "Use of Proceeds".

Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued, to diversify the investor base and minimize the cost of financing. As of December 31, 2012, €114.8 million were outstanding under this program.

DESCRIPTION OF NOTES

Rexel, a *société anonyme* incorporated under the laws of the Republic of France (together with its permitted successors and assigns, the "**Issuer**"), will issue the US$500,000,000 5.250% senior notes due 2020 (the "**Dollar Notes**") and the €500,000,000 5.125% senior notes due 2020 (the "**Euro Notes**", and, together with the Dollar Notes, the "**Notes**") under an indenture (the "**Indenture**") to be dated the Issue Date made, *inter alios*, among the Issuer, The Bank of New York Mellon as trustee (the "**Trustee**," which term shall include any trustee or trustees appointed pursuant to the Indenture), registrar (the "**Registrar**") and principal paying agent (the "**Principal Paying Agent**"), and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg paying agent (the "**Luxembourg Paying Agent**," and, together with the Principal Paying Agent and any other paying agents as may be appointed under the Indenture from time to time, the "**Paying Agents**") and Luxembourg transfer agent (the "**Luxembourg Transfer Agent**," and, together with the Paying Agents and the Registrar, the "**Agents**"), in a transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The terms of the Notes include those set forth in the Indenture. Unless expressly included, the Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The statements in this "Description of Notes" include summaries of, and are subject to the detailed provisions of, the Indenture, which includes the form of the Notes. Noteholders are entitled to the benefit of the Indenture and are bound by and are deemed to have notice of all the provisions of the Indenture. Noteholders are urged to read the Indenture because the Indenture and the Notes, and not this "Description of Notes", define their rights and govern the obligations of the Issuer (and any future Guarantors) under the Notes. Copies of the Indenture are available for inspection by Noteholders during normal business hours at the specified office of the Trustee for the time being, being at the date hereof at The Bank of New York Mellon, One Canada Square, Canary Wharf, London E14 5AL, England, and at the specified office of the Principal Paying Agent. The Indenture will also be published on the official website of the Luxembourg Stock Exchange, at www.bourse.lu.

The Notes will be issued in registered form. The registered Holder of a Note will be treated as its owner for all purposes. Only registered Holders will have rights under the Indenture.

Brief Description of the Notes

The Notes

The Notes will:

- constitute senior unsecured obligations of the Issuer;
- rank *pari passu* in right of payment among themselves and to all existing and future unsecured indebtedness of the Issuer that is not subordinated to the Notes, including indebtedness of the Issuer under the Senior Credit Facilities;
- rank senior in right of payment to any existing or future indebtedness of the Issuer that is subordinated to the Notes;
- be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the assets securing such indebtedness; and
- be structurally subordinated to all existing and future indebtedness of the Issuer's Subsidiaries.

As of the Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below in the definition of "Unrestricted Subsidiary," the Issuer will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture.

The Issuer is primarily a holding company, with business operations principally located at the level of Rexel Développement SAS and its subsidiaries. The right of the Issuer and its creditors, including Holders of the Notes, to participate in the assets of any of the Issuer's Subsidiaries in the bankruptcy, liquidation or reorganisation of any such Subsidiary will be subject to the prior claims of the creditors of such Subsidiary, including, but not limited to, trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries. Although the Indenture will limit the incurrence of Indebtedness by Restricted Subsidiaries, the limitation will be subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "— Certain Covenants — Limitation on Indebtedness." On the Issue Date, no Subsidiary of the Issuer will guarantee or provide any Lien securing the Issuer's obligations under the Notes.

As of December 31, 2012, after giving pro forma effect to this offering and the expected application of the net proceeds therefrom to redeem the 8.25% Notes, and the entry into the Senior Facilities Agreement, the Issuer on a stand-alone basis would have had approximately €1,900 million aggregate principal amount of outstanding unsecured Indebtedness, which is comprised of the Notes issued in this offering and an additional €1,015 million with which the Notes would rank equal, plus the ability to incur up to €1,074.1 million under the Senior Facility Agreement; and the Issuer's Subsidiaries would have had approximately €1,319 million aggregate principal amount of outstanding Indebtedness, including €1,100 million under securitization programs and €82 million under finance lease obligations, to which the Notes would have been effectively junior.

Principal, Maturity and Interest

The Issuer will issue US$500,000,000 in aggregate principal amount of Dollar Notes and €500,000,000 in aggregate principal amount of Euro Notes on the Issue Date. The Dollar Notes will be issued in minimum denominations of US$200,000 and in integral multiples of US$1,000 in excess thereof. The Euro Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Dollar Notes will mature on June 15, 2020 and the Euro Notes will mature on June 15, 2020, and in each case have a redemption price at maturity equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date.

Interest on the Dollar Notes will accrue at the rate of 5.250% per annum. Interest on the Euro Notes will accrue at the rate of 5.125% per annum. Interest on the Notes will:

- be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2013;
- be payable to the Holders of record on the immediately preceding June 1 and December 1;
- accrue from the Issue Date;
- be computed on the basis of a 360-day year comprised of twelve 30-day months; and
- cease to accrue with effect on and from their due date for redemption or repayment unless payment of the redemption monies or accrued interest (if any) is improperly withheld or delayed in which event interest will continue to accrue as provided in the Indenture.

Interest on overdue principal will be payable at 1% per annum in excess of the above rate and interest on overdue installments of interest will be payable at such higher rate to the extent lawful.

The Dollar Notes and the Euro Notes will each constitute a separate series of Notes but will be treated as a single class of securities for all purposes of the Indenture, including for purposes of voting and taking all other actions by Holders of the Notes, except as otherwise specified in the Indenture. Subject to compliance of the Issuer with the covenant described under "Certain Covenants —

Limitation on Indebtedness" below, the Issuer is permitted, from time to time, without notice to or the consent of the Noteholders, to create and issue further notes having the same terms and conditions as the Dollar Notes or the Euro Notes in all respects (or in all respects except for the issue date, the initial interest accrual date, and the amount of the first payment of interest), in accordance with the Indenture (the "**Additional Notes**"). Additional Notes, if any, will be consolidated and form a single series with the Dollar Notes or the Euro Notes, as the case may be. Except as otherwise specified in the Indenture, Additional Notes and the Notes shall be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for the purposes of the Indenture, references to the Notes include any Additional Notes actually issued. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Indenture.

Optional Redemption

At any time prior to June 15, 2016 (the "**First Call Date**"), the Issuer is entitled, at its option, to redeem the Dollar Notes and/or the Euro Notes, in each case, in whole or in part, upon not less than 30 nor more than 60 days' prior notice to the Noteholders at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date). For purposes of this "— Optional Redemption" section:

- "**Applicable Premium**" means, with respect to a Note on any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (to the extent positive): (A) the present value at such redemption date of (x) the redemption price of such Note at the First Call Date (such redemption price (expressed as a percentage of the principal amount) being set forth in the applicable table in the second succeeding paragraph below) plus (y) all required remaining interest payments due on such Note to and including the First Call Date (excluding any accrued but unpaid interest to such redemption date), computed using a discount rate equal to the Applicable Rate at such redemption date plus 50 basis points, over (B) the outstanding principal amount of such Note on such date of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

- "**Applicable Rate**" means:

  (i) with respect to a redemption date for the Dollar Notes, the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the First Call Date; provided, however, that if the period from the redemption date to the First Call Date is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Applicable Rate under this sub-clause (i) shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to the First Call Date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used;

  (ii) with respect to a redemption date for the Euro Notes, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its

principal amount) equal to the Comparable German Bund Price for such redemption date, where: (A) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to the First Call Date and that would be utilised at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to the First Call Date; provided, however, that if the period from such redemption date to the First Call Date is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Applicable Rate under this sub-clause (ii) shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to the First Call Date is less than one year, a fixed maturity of one year shall be used; (B) "**Comparable German Bund Price**" means, with respect to such redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; (C) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and (D) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and such redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

At any time and from time to time on or after the First Call Date, the Issuer may, at its option, redeem all or part of the Dollar Notes and/or all or part of the Euro Notes upon not less than 30 nor more than 60 days' prior notice to the Noteholders, at the redemption prices, expressed as the following percentages of principal amount of such Notes, or part thereof, to be redeemed, plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period beginning on June 15 of the following years:

- in the case of the Dollar Notes:

Year	Percentage
2016	103.938%
2017	102.625%
2018	101.313%
2019 and after	100.000%

- and in the case of the Euro Notes:

Year	Percentage
2016	103.844%
2017	102.563%
2018	101.281%
2019 and after	100.000%

At any time, from and after the Issue Date until June 15, 2016 upon not less than 30 nor more than 60 days' notice, the Issuer may, at its option, on any one or more occasions redeem up to 40% of the original aggregate principal amount of the Dollar Notes and/or up to 40% of the original aggregate principal amount of the Euro Notes (including, in each case, any Additional Notes of the same series) issued under the Indenture at a redemption price of (x) in the case of the Dollar Notes, 105.250% of their principal amount and (y) in the case of the Euro Notes, 105.125% of their principal amount, plus, in each case, accrued and unpaid interest on such Notes, if any, to the redemption date (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date), with an amount equal to all or part of the net proceeds received by the Issuer from one or more Qualified Equity Offerings; provided, however, that:

- at least 60% of the original aggregate principal amount of the Dollar Notes or the Euro Notes, as the case may be (including any Additional Notes of the same series), issued under the Indenture would remain outstanding immediately after the occurrence of such redemption; and
- the redemption occurs within 120 days of the closing of such Qualified Equity Offering.

For purposes of the immediately preceding paragraph, "**Qualified Equity Offering**" means an issuance and sale (public or private) of Capital Stock (other than Disqualified Stock) of the Issuer or any direct or indirect parent company of the Issuer with gross cash proceeds to the Issuer of at least €50 million (including any sale of Capital Stock purchased upon the exercise of any over allotment option granted in connection therewith).

If less than all of the Notes in any series are to be redeemed at any time, the Notes will be redeemed on a pro rata basis, by-lot basis or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate (and in such manner that complies with applicable legal and exchange requirements). No Note of US$200,000 or €100,000, as the case may be, in aggregate principal amount or less will be redeemed in part. If the Issuer redeems any Notes in part only, the notice of redemption relating to such Notes shall state the portion of the principal amount thereof to be redeemed. In case of any certificated Notes, a new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Noteholder thereof upon cancellation of the original Note. In case of a global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Once notice of redemption is sent to the Holders, Notes or portions thereof called for redemption become due and payable at the redemption price on the redemption date (subject to the satisfaction of the conditions precedent stated in the redemption notice or their waiver by the Issuer) and, commencing on the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption unless payment of the redemption moneys and/or accrued interest is improperly withheld or refused.

Any redemption notice given under this "— Optional Redemption" section may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions, including in the case of a redemption described in the third paragraph of this "— Optional Redemption" section, the completion of the related Qualified Equity Offering.

Mandatory Redemption, Offers to Purchase, Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described in the covenants under "— Change of Control" and "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock".

The Issuer and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise if such purchase complies with the then applicable agreements of the

Issuer and/or the Restricted Subsidiaries, including the Indenture, and applicable laws; provided, however, that in determining whether the Holders of the required principal amount of the outstanding Notes have given or taken any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Issuer or any Guarantor or by any other Subsidiary of the Issuer will be disregarded and deemed not to be outstanding, except that, for the purposes of determining whether the Trustee will be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Trustee knows are so owned will be so disregarded.

Taxation

Additional Amounts

All payments under or with respect to the Notes will be made without withholding or deduction for or on account of any present or future tax, duty, levy, impost, deduction, assessment, withholding or other governmental charge (including penalties, interest and other additions related thereto) (hereinafter "**Taxes**") imposed or levied by or on behalf of the Republic of France, any Guarantor's jurisdiction of organization, any jurisdiction from or through which payment is made by the Issuer, any Guarantor or the Paying Agent on behalf of the Issuer or such Guarantor, and (if different) any jurisdiction to which the payment is effectively connected and in which the payor has a permanent establishment or is resident for tax purposes at the time of payment, and any political subdivision or taxing authority thereof or therein (each a "**Relevant Taxing Jurisdiction**"), unless such withholding or deduction is required by law.

If any amounts are required to be withheld or deducted for or on account of Taxes imposed by a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or a Guarantee, the Issuer or the relevant Guarantor, to the fullest extent then permitted by law, will be required to pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by a Noteholder (including Additional Amounts) after such withholding or deduction will not be less than the amount such Noteholder would have received if such Taxes had not been withheld or deducted; provided, however, that the foregoing obligation to pay Additional Amounts does not apply to:

- any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the relevant Holder, if the relevant Holder is an estate, trust, partnership or corporation) and the Relevant Taxing Jurisdiction (other than the mere receipt of such payment or the ownership or holding outside of the Relevant Taxing Jurisdiction of a Note);
- any payment of or on account of estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;
- any Tax that would not have been imposed but for the presentation of a Note by the Holder for payment more than 30 days after the date on which such payment on such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had such Note been presented on the last day of such 30-day period);
- any withholding or deduction imposed on a payment to or for the benefit of an individual that is required to be made pursuant to Council Directive 2003/48/EC or any other Directive on the taxation of savings income implementing the conclusion of the ECOFIN council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN council, or any law implementing or complying with, or introduced in order to conform to, such Directives;

- any Taxes that are required to be withheld or deducted on a payment to a Luxembourg resident individual which is required to be made pursuant to the Luxembourg law dated December 23, 2005, as amended;
- any payment of principal (or premium, if any) or interest under or with respect to the Notes or a Guarantee to any Holder who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment, to the extent that (A) such withholding or deduction is required for the sole reason that the Holder is a fiduciary, a partnership or a person other than the beneficial owner of such payment or (B) a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder;
- any Note presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union;
- any withholding or deduction imposed as a result of the failure of a Holder or beneficial owner of the Notes to comply with any reasonable written request, made to that Holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable, by the Issuer or any Guarantor to provide timely and accurate information concerning the nationality, residence or identity of such Holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from or reduction in all or part of such withholding or deduction;
- any Taxes payable under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (or any amended or successor version that is substantively comparable), any current or future regulations or official interpretations thereof, or any agreements (including any intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto ("**FATCA**"); or
- any combination of the above.

The Issuer or the relevant Guarantor will make all withholdings and deductions for Taxes required to be made by it and will remit the full amount required to be deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law.

Whenever in the Indenture there is mentioned, in any context (i) the payment of principal; (ii) purchase price in connection with a purchase of Notes; (iii) interest; or (iv) any other amount payable on or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay any present or future stamp, transfer, court or documentary taxes or any other excise or property taxes, charges or similar levies, and any penalties, additions to tax or interest due with respect thereto, that may be imposed in a Relevant Taxing Jurisdiction in connection with the execution, issue, initial delivery or registration of the Notes, the Indenture or any other document or instrument in relation thereto, or in any relevant jurisdiction in connection with any enforcement action.

The obligations described under this heading will survive any termination or discharge of the Notes and the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor person to

the Issuer or a Guarantor is organised or any political subdivision or taxing authority or agency thereof or therein.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless the obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), if the Issuer will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee a certificate stating that Additional Amounts will be payable and the amounts so payable and such other information as is reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date.

Supply of Information

Each Holder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council Meeting on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directives.

Each Holder shall be responsible for supplying to the Issuer or any Guarantors, in a timely manner, any information as may be required by the Issuer or any Guarantors in order for the Issuer or any Guarantors to comply with the identification and reporting obligations imposed by FATCA.

Redemption for Changes in Withholding Taxes

The Issuer may redeem the Dollar Notes and/or the Euro Notes, in each case, at its option, at any time as a whole but not in part, upon not less than 30 nor more than 60 days' notice, at 100% of the principal amount thereof, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer or a Guarantor has become or would become obligated to pay, on the next date on which any amount would be payable with respect to such Notes or a related Guarantee, any Additional Amounts as a result of:

- a change in or an amendment to the laws (including any regulations or rulings promulgated thereunder) of, or any treaties applicable to, any Relevant Taxing Jurisdiction (or any political subdivision or taxing authority thereof or therein), which change or amendment (i) is publicly announced or formally proposed, and (ii) becomes effective, on or after the Issue Date (or, if the relevant Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction after the Issue Date, the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction); or

- any change in or amendment to any official position regarding the application or interpretation of such laws, treaties, regulations or rulings (including a judgment by a court of competent jurisdiction) which change or amendment (i) is publicly announced or formally proposed, and (ii) becomes effective, on or after the Issue Date (or, if the relevant Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction after the Issue Date, the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction),

and the Issuer and any Guarantors cannot avoid such obligation by taking reasonable measures available to it or them.

Before the Issuer notifies the Holders of a redemption of the Notes as described above, the Issuer will deliver to the Trustee an Officers' Certificate to the effect that the Issuer and any Guarantors cannot avoid the obligation to pay Additional Amounts by taking reasonable measures available to

them. The Issuer will also deliver an opinion of independent legal counsel of recognised standing and an Officers' Certificate, each stating that the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts as a result of a change in tax laws or regulations or the application or interpretation of such laws or regulations. The Trustee shall accept the Officers' Certificates and such opinion as sufficient evidence of the satisfaction of the conditions precedent described above.

Change of Control

Upon the occurrence after the Issue Date of a Change of Control (as defined below), each Noteholder will have the right to require that the Issuer purchase all or any part of such Noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date).

The term "**Change of Control**" means:

- any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer (provided that any Voting Stock beneficially owned by a Permitted Holder shall not be included in the Voting Stock deemed beneficially owned by such "person" or "group"); or
- (i) all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, are sold or otherwise transferred to any Person other than a Wholly Owned Restricted Subsidiary or one or more Permitted Holders or (ii) the Issuer consolidates or merges with or into another Person or any Person consolidates or merges with or into the Issuer, in either case under this sub-clause, in one transaction or a series of related transactions in which immediately after the consummation thereof any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer or the surviving or transferee Person (provided that any Voting Stock beneficially owned by a Permitted Holder shall not be included in the Voting Stock deemed beneficially owned by such "person" or "group"); or
- the Issuer shall adopt a plan of liquidation or dissolution or any such plan shall be approved by the stockholders of the Issuer (unless such plan is in connection with a transaction or series of related transactions permitted by the covenant described under "— Certain Covenants — Merger and Consolidation").

Within 30 days following any Change of Control, the Issuer will notify each Noteholder in accordance with the provisions described under "— Notices" with a copy to the Trustee (the "**Change of Control Offer**") stating:

- that a Change of Control has occurred and that such Noteholder has the right to require the Issuer to purchase such Noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Noteholders of record on the relevant record date to receive interest on the relevant interest payment date);
- the circumstances and relevant facts regarding such Change of Control (including information with respect to *pro forma* historical income, cash flow and capitalization, in each case after giving effect to such Change of Control);

- the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is given); and
- the instructions, as determined by the Issuer, consistent with the "Change of Control" and other applicable provisions of the Indenture, that a Noteholder must follow in order to have its Notes purchased.

The occurrence of certain of the events that would constitute a Change of Control may result in a default under the Issuer's existing or future Credit Facilities and may cause a default under other Indebtedness of the Issuer and its Subsidiaries, and/or give the lenders thereunder the right to require the Issuer to repay obligations outstanding thereunder. Existing or future Credit Facilities and agreements governing other Indebtedness of the Issuer and its Subsidiaries may restrict the ability of the Issuer's Subsidiaries to provide funds to the Issuer necessary to enable it to repurchase the Notes. Moreover, the exercise by Noteholders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. The Issuer's ability to repurchase Notes following a Change of Control also may be limited by the Issuer's then existing financial resources. Prior to complying with any of the provisions of the covenant described under this "— Change of Control" section, but in any event no later than the Change of Control purchase date, the Issuer will, if and to the extent necessary, either repay all outstanding Credit Facilities or obtain any requisite consents under all agreements governing outstanding Credit Facilities to permit the repurchase of Notes required by the covenant.

The Issuer will not be required to (i) make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) make a Change of Control Offer in respect of any series of Notes following a Change of Control if a notice of redemption for the redemption of the Notes of such series in whole but not in part has been given as described under "— Optional Redemption", unless there has been a default in payment of the applicable redemption price.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

The provisions of this covenant relative to the obligations of the Issuer to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the consent of the Holders of a majority in principal amount of the Notes for the time being outstanding.

The definition of "Change of Control" includes a phrase relating to the sale or transfer of "all or substantially all" of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise definition of the phrase under applicable law. Accordingly, the ability of a Noteholder to require the Issuer to repurchase the Notes as a result of a sale or transfer of less than all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to another Person or group may be uncertain.

Suspension of Covenants During Achievement of Investment Grade Status

If during any period the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default shall have occurred and be continuing (such period, an "**Investment Grade**

Status Period"), upon written notice by the Issuer to the Trustee in an Officers' Certificate certifying such Investment Grade Status and the absence of any Event of Default, the covenants described under the following captions (collectively, the "**Suspended Covenants**") will be suspended and will not be applicable to the Issuer and the Restricted Subsidiaries during such period:

- "— Certain Covenants — Limitation on Indebtedness;"
- "— Certain Covenants — Limitation on Restricted Payments;"
- "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock;"
- "— Certain Covenants — Limitation on Restrictions on Distributions;"
- Clause (3) of the second paragraph of the covenant described under "— Certain Covenants — Merger and Consolidation;" and
- "— Certain Covenants — Limitations on Guarantees of Indebtedness by Restricted Subsidiaries."

In addition, during an Investment Grade Status Period, the provisions of the first sentence of the final paragraph of the definition of "Unrestricted Subsidiary" will also be suspended and will not be applicable to the Issuer and the Restricted Subsidiaries.

Covenants and other provisions of the Indenture that are suspended during an Investment Grade Status Period will be immediately reinstated and will continue to exist during any period in which the Notes do not have Investment Grade Status. Upon reinstatement, (x) all Indebtedness Incurred during the continuance of the Investment Grade Status Period will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the reinstated covenant described under "— Certain Covenants — Limitation on Indebtedness" or one of the sub-clauses set forth in the second paragraph of that covenant (in each case, to the extent such Indebtedness would be permitted to be Incurred thereunder immediately following such reinstatement, and, for the avoidance of doubt, after giving effect to any Indebtedness Incurred during such Investment Grade Status Period that remains outstanding at such reinstatement), and to the extent the Incurrence of such Indebtedness under the first two paragraphs of the covenant described under "— Certain Covenants — Limitation on Indebtedness" would not be so permitted, will be deemed incurred under sub-clause (5) of the second paragraph of such covenant, and (y) calculations under the reinstated covenant described under "— Certain Covenants — Limitation on Restricted Payments" will be made as if such covenant had been in effect during the entire period from the Issue Date (including the Investment Grade Status Period). Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of any actions taken by the Issuer or any Subsidiary (including for the avoidance of doubt any failure to comply with the Suspended Covenants) during any Investment Grade Status Period in compliance with the covenants then applicable and the Issuer and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honour, comply with or otherwise perform any contractual commitments or obligations entered into during an Investment Grade Status Period in compliance with the covenants then applicable following any such reinstatement and to consummate the transactions contemplated thereby. For the avoidance of doubt, an Investment Grade Status Period will not commence until the Issuer has provided written notice to the Trustee in accordance with the first paragraph of this "— Suspension of Covenants During Achievement of Investment Grade Status" section. Promptly upon becoming aware thereof, the Issuer will provide to the Trustee written notice when the Notes cease to have Investment Grade Status.

For purposes of the provisions described under this "— Suspension of Covenants During Achievement of Investment Grade Status" section, "**Investment Grade Status**" exists as of any time if

at such time the Notes have been assigned at least two of the following ratings: (x) BBB- or higher by S&P; (y) Baa3 or higher by Moody's; or (z) BBB- or higher by Fitch.

Certain Covenants

The Indenture will contain covenants including, among others, the following:

Limitation on Indebtedness

The Issuer will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Issuer and the Restricted Subsidiaries will be entitled to Incur Indebtedness, if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis the Consolidated Coverage Ratio exceeds 2.0 to 1.0; provided, further, that the amount of Indebtedness that may be Incurred pursuant to this paragraph by Restricted Subsidiaries that are not Guarantors shall not exceed €800 million in the aggregate at any one time outstanding.

Notwithstanding the foregoing paragraph, but subject to the next succeeding paragraph, the Issuer and any Restricted Subsidiary will be entitled to Incur any or all of the following Indebtedness ("**Permitted Indebtedness**"):

(1) Indebtedness Incurred by the Issuer and/or any Guarantor pursuant to the Credit Facilities in an aggregate principal amount outstanding at any time not exceeding (x) €1,870 million, plus (y) an amount equal to the fees, underwriting discounts, premiums and other costs and expenses incurred in connection with any Refinancing of the Credit Facilities, plus (z) the applicable Available Receivables Basket Amount (determined as of the date when the applicable Indebtedness is so Incurred); it being understood that Indebtedness incurred under this sub-clause (1) may, for the avoidance of doubt, assume the form (in whole or in part) of borrowings under one or more commercial paper facilities backed by Credit Facilities of the Issuer and/or any Guarantor;

(2) Indebtedness (including obligations under or in respect of related performance guarantees) arising in respect of Receivables Financings in an aggregate principal amount at any one time outstanding not to exceed the applicable Available Receivables Basket Amount (determined as of the date when the applicable Indebtedness is so incurred);

(3) Indebtedness owed and held by the Issuer or a Restricted Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary (to which such Indebtedness is owed) ceasing to be a Restricted Subsidiary or any redesignation of such Restricted Subsidiary as an Unrestricted Subsidiary or any subsequent disposition, pledge or transfer of such Indebtedness (other than to the Issuer or a Restricted Subsidiary) will be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon not permitted by this sub-clause (3); and provided further that in the case of any such Indebtedness owed by the Issuer or a Guarantor to a Restricted Subsidiary that is not a Guarantor, such Indebtedness shall be unsecured;

(4) Indebtedness represented by the Notes (other than any Additional Notes) and any Guarantees;

(5) Indebtedness outstanding on the Issue Date (other than Indebtedness specified in sub-clauses (1), (2), (4), (14) and (19) of this paragraph);

(6) Indebtedness of any Person that is assumed by the Issuer or any Restricted Subsidiary in connection with its acquisition of assets from such Person or any Affiliate thereof or is issued and outstanding on or prior to the date on which such Person was acquired by the Issuer or any Restricted Subsidiary or merged or consolidated with or into the Issuer or any Restricted

Subsidiary (including Indebtedness Incurred to finance, or otherwise Incurred in connection with, or in contemplation of, any such acquisition, merger or consolidation), provided that on the date of such acquisition, merger or consolidation, after giving *pro forma* effect thereto, (x) the Issuer could Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (y) the Consolidated Coverage Ratio of the Issuer would equal or exceed the Consolidated Coverage Ratio of the Issuer immediately prior to giving such *pro forma* effect thereto;

(7) the incurrence of Refinancing Indebtedness by (A) the Issuer or any Restricted Subsidiary in exchange for or the net proceeds of which are used to refund, replace, defease or refinance Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to the first paragraph of this covenant (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to the first paragraph of this covenant) and (B) the Issuer or any Restricted Subsidiary in exchange for or the net proceeds of which are used to refund, replace, defease or refinance Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to sub-clauses (4), (5), (6), (7) or (19) of this paragraph;

(8) Hedging Obligations of the Issuer or any Restricted Subsidiary, provided that such Hedging Obligations are entered into in the ordinary course of business and not for speculative purposes;

(9) Obligations in respect of worker's compensation claims, self-insurance obligations, performance, bid, surety bonds and similar bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(11) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-out or similar Obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Issuer or any Restricted Subsidiary, provided that such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary (contingent Obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet shall not be deemed to be reflected on such balance sheet for purposes of this sub-clause (11));

(12) (x) any guarantee (A) by the Issuer or a Restricted Subsidiary that is (or, in accordance with the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Restricted Subsidiaries," becomes) a Guarantor, of Indebtedness of the Issuer or any Guarantor permitted to be incurred by any other provision of this covenant; provided that any such guarantee by a Restricted Subsidiary is given in accordance with the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Restricted Subsidiaries" or (B) by the Issuer or a Restricted Subsidiary that is not a Guarantor, of Indebtedness of a Restricted Subsidiary that is not a Guarantor and that was permitted to be incurred by any other provision of this covenant; and (y) without limiting the covenant described under "— Certain Covenants — Limitation on Liens," Indebtedness of the Issuer or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Issuer or Restricted Subsidiary securing Indebtedness of the Issuer or any Restricted Subsidiary, but excluding any Indebtedness Incurred by the Issuer or such Restricted Subsidiary, as the case may be, in violation of this covenant;

(13) Indebtedness of the Issuer or any Restricted Subsidiary in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), or (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business;

(14) Purchase Money Indebtedness and Capital Lease Obligations and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of (x) €150 million and (y) 3.0% of Consolidated Tangible Assets;

(15) Indebtedness consisting of accommodation guarantees incurred in the ordinary course of business for the benefit of trade creditors of the Issuer or any of its Restricted Subsidiaries;

(16) Indebtedness owed to and held by the Issuer and/or a Restricted Subsidiary arising under any customary cash pooling, treasury or cash management arrangements or netting or setting-off arrangements in the ordinary course of business;

(17) Indebtedness under overdrafts in an aggregate principal amount at any time not to exceed €50 million, at any one time outstanding (provided that, in the case of any cash collateralized overdraft facility, the principal amount of overdrafts thereunder shall be determined net of any such cash collateral);

(18) customer deposits and advance payments received from customers for goods purchased in the ordinary course of business;

(19) Indebtedness represented by the 8.25% 2016 Notes, the 7% 2018 Notes and the 6.125% 2019 Notes; and

(20) additional Indebtedness of the Issuer or any Restricted Subsidiary (other than and in addition to Indebtedness permitted under sub-clauses (1) through (19) above) in an aggregate principal amount at any one time outstanding not to exceed an amount equal to the greater of (x) €350 million and (y) 7.0% of Consolidated Tangible Assets.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with the first two paragraphs of this covenant:

- any Indebtedness outstanding under Senior Credit Facilities on the Issue Date will be treated as Incurred under sub-clause (1) of the immediately preceding paragraph and any Indebtedness in respect of any Receivables Financing will be treated as Incurred under sub-clause (2) of the immediately preceding paragraph;
- subject to the immediately preceding sub-clause, (x) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, the Issuer, in its sole discretion, will classify such item of Indebtedness (or any portion thereof) at the time of Incurrence and may include the amount and type of such Indebtedness in one or more of the above sub-clauses (including in part under one sub-clause and in part under another such sub-clause) and (y) the Issuer will be entitled to divide and re-classify an item of Indebtedness in more than one of the types of Indebtedness described above;
- the outstanding principal amount of any particular Indebtedness shall be counted only once and any obligations arising under any guarantee, Lien or letter of credit, bankers' acceptance or

other similar instrument or obligation supporting such Indebtedness shall not be double counted with such Indebtedness; and

- the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with IFRS.

For purposes of determining compliance with this covenant, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first drawn, in the case of Indebtedness Incurred under a revolving credit facility; provided that (i) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (ii) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (iii) if any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal, premium, if any, and interest on such Indebtedness, the amount of such Indebtedness and such interest and premium, if any, shall be determined after giving effect to all payments in respect thereof under such Currency Agreements. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default shall have occurred and be continuing (or would result therefrom);

(2) the Issuer is not entitled to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;" or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be the Fair Market Value thereof, as determined in good faith by the Board of Directors which determination shall be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Issue Date (other than Restricted Payments made pursuant to sub-clauses (1), (2), (4), (5), (7), (8) or (9) of the next succeeding paragraph) would exceed the sum (the "**Restricted Payments Basket**") of (without duplication):

  (A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from October 1, 2009 to the end of the most recent fiscal quarter for which consolidated financial information is included in any report furnished to the Noteholders and the Trustee pursuant to the covenant described under "— Certain Covenants — Reports" prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); plus

  (B) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets received (x) by the Issuer as capital contributions to the Issuer after the Issue Date or

from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) after the Issue Date (other than (i) any such proceeds applied to redeem Notes in accordance with the provisions described in the third paragraph under "— Optional Redemption" or (ii) any such proceeds or assets received from a Restricted Subsidiary of the Issuer) or (y) by the Issuer or any Restricted Subsidiary from the issuance and sale (other than to the Issuer or a Restricted Subsidiary) by the Issuer or any Restricted Subsidiary after the Issue Date of Indebtedness (other than Subordinated Indebtedness or Guarantor Subordinated Obligations) that shall have been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) (less (or plus) the amount of any cash and the Fair Market Value of any property or assets distributed (or received) by the Issuer or any Restricted Subsidiary, as the case may be, upon such conversion or exchange); and

(C) upon a redesignation of an Unrestricted Subsidiary that was designated as such after the Issue Date as a Restricted Subsidiary, the lesser of (i) the Fair Market Value of the Issuer's proportionate interest in such Subsidiary immediately following such redesignation, and (ii) the aggregate amount of the Issuer's Investments in such Subsidiary to the extent such Investments reduced the Restricted Payments Basket and were not previously repaid or otherwise reduced; and

(D) in the case of any return of capital, disposition or repayment of any Investment constituting a Restricted Payment made pursuant to this paragraph (including, without limitation, Investments in Unrestricted Subsidiaries and dividends and other distributions from Unrestricted Subsidiaries), without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments, an amount in the aggregate equal to the lesser of the return of capital, repayment or other proceeds (in each case, in the form of cash or Cash Equivalents) with respect to all such Investments received by the Issuer or a Restricted Subsidiary and the initial amount of all such Investments constituting Restricted Payments.

The preceding provisions will not prohibit:

(1) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Issuer or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent issuance or sale of, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) or a substantially concurrent capital contribution to the Issuer; provided that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under sub-clause (3)(B) of the preceding paragraph;

(2) any purchase, redemption, repurchase, defeasance or other acquisition or retirement (collectively, "repurchase") of Subordinated Indebtedness (w) made by exchange for, or out of the proceeds of the substantially concurrent issuance or sale of Refinancing Indebtedness Incurred in compliance with the covenant described under "— Certain Covenants — Limitation on Indebtedness," (x) following the occurrence of a Change of Control or an Asset Disposition or other similar event described under the terms governing such Subordinated Indebtedness in accordance with provisions therein similar to those described under "— Change of Control" or "— Certain Covenants — Limitations on Sales of Assets and Subsidiary Stock," but only if the Issuer shall have complied with the provisions of the covenants described under "— Change of Control" or "— Certain Covenants — Limitations

on Sales of Assets and Subsidiary Stock" by making a Change of Control Offer or Net Proceeds Offer, as applicable, and, if required, caused the repurchase of all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Indebtedness, (y) where the proceeds of the issuance of the Subordinated Indebtedness being so repurchased were, when originally incurred, applied to Refinance Indebtedness incurred pursuant to sub-clause (1) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness" or (z) where such Subordinated Indebtedness was Indebtedness of a Person that was issued and outstanding at the time such Person became a Restricted Subsidiary and such repurchase is required in connection therewith under the terms governing such Indebtedness at such time;

(3) dividends and distributions paid, or redemptions made, within 60 days after the date of declaration thereof or of the giving of notice thereof (as applicable) if at such date of declaration or notice such dividend or redemption would have complied with the first paragraph of this covenant;

(4) the purchase, redemption or other acquisition of shares of Capital Stock of the Issuer or any of its Subsidiaries from employees, former employees, directors or former directors of the Issuer or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such Restricted Payments shall not exceed €25 million during any calendar year (with amounts unused in any calendar year available to be used in any of the two calendar years immediately following such calendar year (but not to be carried beyond two calendar years));

(5) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of (x) €100 million and (y) 2.0% of Consolidated Tangible Assets (net of repayments of any such loans or advances) (subject to the provisions of the last paragraph of the definition of Permitted Investments), provided that if a Restricted Payment is made pursuant to this sub-clause (5) in respect of a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary, the aggregate amount of Permitted Payments deemed outstanding under this sub-clause (5) shall be decreased by the amount of such Restricted Payment made in such Person (provided that such amount shall not increase the Restricted Payments Basket);

(6) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Issuer, provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this covenant (as determined in good faith by the Board of Directors);

(7) the declaration and payments of dividends on Disqualified Stock issued pursuant to the covenant described under "— Certain Covenants — Limitation on Indebtedness" or of any Preferred Stock of a Restricted Subsidiary Incurred in accordance with the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(8) repurchases of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such options;

(9) in connection with any equity commitments provided by any Permitted Holder to or in respect of the Issuer, the payment of customary equity commitment fees, discounts, premiums, commitments and related reasonable fees and expenses to any such Permitted Holder; or

(10) dividends or other distributions of, or Investments paid for or made with, Capital Stock, Indebtedness or other securities of any Unrestricted Subsidiary in an amount no greater than the amount of the Investments made in such Unrestricted Subsidiary pursuant to the first paragraph of this covenant as are then outstanding.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to consummate any Asset Disposition, unless:

(1) the Issuer or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value (including as to the value of all non-cash consideration) of the shares and assets subject to such Asset Disposition; and

(2) at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary is in the form of (A) cash or (B) Cash Equivalents.

If at any time any non-cash consideration received by the Issuer or any Restricted Subsidiary, as the case may be, in connection with any Asset Disposition is repaid or converted into or sold or otherwise disposed of for cash or Cash Equivalents (other than interest received with respect to any such non-cash consideration), then the date of such repayment, conversion or disposition shall be deemed to constitute the date of an Asset Disposition hereunder and the Net Available Cash thereof shall be applied in accordance with this covenant.

If the Issuer or any Restricted Subsidiary engages in an Asset Disposition, the Issuer or such Restricted Subsidiary shall, no later than 365 days following the consummation of such Asset Disposition (or if later, the receipt of Net Available Cash therefrom), apply an amount equal to all or any of Net Available Cash therefrom to:

(1) repay, redeem or otherwise retire amounts outstanding or available under Credit Facilities;

(2) repay any Indebtedness which was secured by the assets sold in such Asset Disposition;

(3) (A) invest in assets (including equipment, machinery and capital expenditures) to be used by the Issuer or any Restricted Subsidiary in a Related Business, (B) acquire Capital Stock (other than Disqualified Stock) in a Person that is a Restricted Subsidiary or in a Person engaged in a Related Business that shall become a Restricted Subsidiary immediately upon the consummation of such acquisition or (C) a combination of (A) and (B) (it being understood that a binding commitment to consummate any such investment or acquisition within 365 days of such commitment (or in the case of a long-term project, to begin such project in earnest) shall be deemed a permitted application of such Net Available Cash pursuant to this sub-clause (3), provided such binding commitment was entered into by the Issuer or a Restricted Subsidiary with a good faith expectation of such commitment being complied with);

(4) redeem, repay or purchase (or make an offer to redeem, repay or purchase) any Pari Passu Indebtedness, including under the 8.25% 2016 Notes, the 7% 2018 Notes and the 6.125% 2019 Notes, provided that any such redemption, repayment or purchase (or, as applicable, offer in respect thereof) occurs as part of a Net Proceeds Offer to Noteholders in accordance with the procedures set forth in sub-clauses (1) to (3) of the next succeeding paragraph, except that (x) the reference to "Excess Proceeds" in sub-clause (1) of the next succeeding paragraph shall be construed as an amount of Net Available Cash determined at the discretion of the Issuer, (y) the expressions "such Pari Passu Indebtedness required to be redeemed" and "such Pari Passu Indebtedness" shall be construed as the Pari Passu Indebtedness sought to be retired and (z) the expression "Pari Passu Indebtedness Price" shall be construed as a price no

greater than 100% of the principal amount of such Pari Passu Indebtedness, plus accrued and unpaid interest thereon, if any, to the date of redemption, repayment or repurchase; and/or

(5) make a Net Proceeds Offer to Noteholders in accordance with the procedures set forth in sub-clauses (1) to (3) of the next succeeding paragraph, except that (x) the reference to "Excess Proceeds" in sub-clause (1) of the next succeeding paragraph shall be construed as an amount of Net Available Cash determined at the discretion of the Issuer and (y) any such Net Proceeds Offer may be made without the obligation to redeem, repay or purchase any Pari Passu Indebtedness.

Pending the final application of any Net Available Cash, the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Available Cash in any manner that is not prohibited by the Indenture.

The amount of Net Available Cash not applied or invested as provided above in this paragraph will constitute "**Excess Proceeds**."

When the aggregate amount of Excess Proceeds equals or exceeds €50 million, the Issuer will be required to make an offer to purchase from all Holders and, if applicable, redeem (or make an offer to redeem, repay or purchase) any other Pari Passu Indebtedness the provisions of which require the Issuer or any Guarantor to redeem, repay or purchase or make an offer to purchase such Indebtedness with the proceeds from any Asset Disposition (or offer to redeem or purchase), in an aggregate principal amount of Notes and such Pari Passu Indebtedness equal to the amount of such Excess Proceeds as follows:

(1) the Issuer will (a) make an offer to purchase (a "**Net Proceeds Offer**") to all Holders and (b) redeem, repay or purchase (or make an offer to redeem, repay or purchase) any such Pari Passu Indebtedness, *pro rata* in proportion to the respective principal amounts of the Notes and such Pari Passu Indebtedness required to be redeemed, in the maximum principal amount of Notes and such Pari Passu Indebtedness that may be redeemed, repaid or purchased out of the amount (the "**Payment Amount**") of such Excess Proceeds;

(2) the offer price for the Notes will be payable in cash in an amount equal to 100% of the principal amount of the Notes tendered pursuant to a Net Proceeds Offer, plus accrued and unpaid interest thereon, if any, to the date such Net Proceeds Offer is consummated (the "**Offered Price**"), in accordance with the procedures set forth in the Indenture, and the redemption, repayment, or purchase price or amount, as applicable, for such Pari Passu Indebtedness (the "**Pari Passu Indebtedness Price**") shall be as set forth in the related documentation governing such Pari Passu Indebtedness;

(3) if the aggregate Offered Price of Notes validly tendered and not withdrawn by Holders thereof exceeds the *pro rata* portion of the Payment Amount allocable to the Notes, the *pro rata* portion of the Payment Amount allocable to the Notes will first be allocated as between the Dollar Notes and the Euro Notes in proportion to the respective aggregate principal amounts of Dollar Notes and Euro Notes validly tendered and not withdrawn, and the Dollar Notes and Euro Notes to be purchased from such allocations will thereafter be selected on a *pro rata* basis; and

(4) upon completion of such Net Proceeds Offer in accordance with the foregoing provisions, the amount of Excess Proceeds with respect to which such Net Proceeds Offer was made shall be deemed to be zero.

To the extent that the sum of the aggregate Offered Price of Notes tendered pursuant to a Net Proceeds Offer and the aggregate Pari Passu Indebtedness Price paid to the holders of such Pari Passu Indebtedness is less than the Payment Amount relating thereto (such shortfall constituting a "**Net Proceeds Deficiency**"), the Issuer may use the Net Proceeds Deficiency, or a portion thereof, for general corporate purposes subject to the provisions of the Indenture.

For the purposes of this covenant, the following are deemed to be cash or Cash Equivalents: (1) the amount (without duplication) of any Indebtedness (other than Subordinated Indebtedness and Guarantor Subordinated Obligations) of the Issuer or such Restricted Subsidiary that is expressly assumed by the transferee in such Asset Disposition and with respect to which the Issuer or such Restricted Subsidiary, as the case may be, is unconditionally released by the holder of such Indebtedness, (2) Indebtedness (other than Subordinated Indebtedness and Guarantor Subordinated Obligations) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition, (3) securities received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash within 180 days, (4) Additional Assets and (5) any Designated Noncash Consideration received by the Issuer or any of its Restricted Subsidiaries in an Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this paragraph, not to exceed an aggregate amount at any time outstanding equal to €25 million (with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien on any of its properties (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, securing Indebtedness ("**Initial Liens**"), other than Permitted Liens, without effectively providing that the Notes (or if it is a Guarantor that Incurs such an Initial Lien, then the Guarantee by such Guarantor) shall be secured (i) if such Indebtedness is Senior Indebtedness of the Issuer or a Restricted Subsidiary, as the case may be, equally and rateably with the Senior Indebtedness so secured or (ii) if such Indebtedness is Subordinated Indebtedness or Guarantor Subordinated Obligations, as the case may be, prior to the Subordinated Indebtedness or Guarantor Subordinated Obligations so secured, in each case, for so long as such Indebtedness is so secured. Any Lien thereby created in favour of the Noteholders under this covenant will be automatically and unconditionally released and discharged upon (x) the release and discharge of the Initial Lien to which it relates, (y) in the case of any Lien Incurred by a Guarantor securing its Guarantee, upon the termination and discharge of such Guarantee in accordance with the terms of the Indenture or (z) any sale, exchange or transfer to any Person other than the Issuer or an Affiliate of the Issuer of the property or assets to which the Initial Lien relates, or of all the Capital Stock of the entity holding such property or assets (or of a Person of which such entity is a Subsidiary), that is otherwise permitted by the Indenture (but only if all other Liens on the same property or assets that were required to be given under the terms of other Senior Indebtedness as a result of the Initial Lien having been given or having arisen have also been, or on such sale, exchange or transfer, would also be, unconditionally released and discharged).

Limitation on Restrictions on Distributions

The Issuer will not, and will not permit any Significant Subsidiary that is not a Guarantor (the "**Relevant Subsidiary**") to, create or otherwise cause to exist or become effective any consensual

encumbrance or restriction on the ability of any Relevant Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Relevant Subsidiary, (ii) make any loans or advances to the Issuer or (iii) sell, lease or transfer any of its properties or assets to the Issuer (provided that dividend or liquidation priority between classes of Capital Stock, or subordination of any obligation (including the application of any remedy bars thereto) to any other obligation, or agreements to share profits pursuant to *sociétés en participation* or equivalent arrangements, will not be deemed to constitute such an encumbrance or restriction), except for any encumbrance or restriction:

(1) pursuant to an agreement or instrument in effect at or entered into on the Issue Date, any Credit Facility, the Notes, the Indenture, the 6.125% 2019 Notes, the 6.125% 2019 Notes Indenture, the 7% 2018 Notes, the 7% 2018 Notes Trust Deed, the 8.25% 2016 Notes or the 8.25% 2016 Notes Trust Deed;

(2) pursuant to any agreement or instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, acquired by the Issuer or any Relevant Subsidiary, or which agreement or instrument is assumed by the Issuer or any Relevant Subsidiary in connection with an acquisition from such Person, as in effect at the time of such acquisition (provided that, the Issuer determines in good faith that the encumbrances or restrictions resulting from such assumption, taken as a whole, will not materially affect the Issuer's ability to make principal or interest payments on the Notes) (except to the extent that such Indebtedness was incurred to finance, or otherwise entered into in contemplation of, such acquisition);

(3) pursuant to an agreement or instrument (a "**Refinancing Agreement**") effecting a refinancing of Indebtedness, or that otherwise extends, renews, refunds, refinances or replaces, any agreement or instrument referred to in sub-clause (1) or (2) of this covenant or this sub-clause (3) (an "**Initial Agreement**") or that is, or is contained in, any amendment, supplement or other modification to an Initial Agreement or Refinancing Agreement (an "**Amendment**"); provided, however, that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment taken as a whole are not materially less favorable to the Holders than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates (as determined in good faith by the Issuer);

(4) (A) pursuant to any agreement or instrument that restricts in a customary manner the assignment or transfer thereof, or the subletting, assignment or transfer of any property or asset subject thereto, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Issuer or any Relevant Subsidiary not otherwise prohibited by the Indenture (to the extent applicable to the properties or assets that are the subject thereof), (C) contained in mortgages, pledges or other security agreements securing Indebtedness or other obligations of the Issuer or its Subsidiaries to the extent restricting the transfer of the property or assets subject thereto, (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Relevant Subsidiary, (E) pursuant to Purchase Money Indebtedness or Capital Lease Obligations that impose encumbrances or restrictions on the property or assets so acquired, (F) on cash or other deposits, net worth or inventory imposed by customers or suppliers under agreements entered into in the ordinary course of business, (G) pursuant to customary provisions contained in agreements and instruments entered into in the ordinary course of business (including but not limited to leases and licences) in joint venture and other similar agreements or in shareholder, partnership, limited liability company and other similar agreements in respect of non-wholly owned Restricted Subsidiaries, (H) that arises or is agreed to in the ordinary course of business and (x) does not detract from the value of property or assets of the Issuer or any Relevant Subsidiary in any

manner material to the Issuer or such Relevant Subsidiary or (y) is required by the counterparty, or (I) pursuant to Hedging Obligations or any customary cash pooling, treasury or cash management arrangements or netting or setting-off arrangements in the ordinary course of business or (J) pursuant to any agreement or instrument entered into with workers councils or representatives, unions or pension funds;

(5) with respect to any agreement with any Person other than the Issuer or a Subsidiary of the Issuer for the direct or indirect disposition of Capital Stock of any Person, property or assets, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such disposition or required to perform obligations under such agreement following the closing of such acquisition;

(6) by reason of any applicable law, rule, regulation or order, or required by, or pursuant to any agreement or instrument entered into with, any regulatory authority having jurisdiction over the Issuer or any Relevant Subsidiary or any of their businesses; or

(7) pursuant to an agreement or instrument (A) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the covenant described under "— Certain Covenants — Limitation on Indebtedness" (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Initial Agreements referred to in sub-clause (1) above or Refinancing Agreements or Amendments in respect thereof (as determined in good faith by the Issuer), or (ii) if such encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Issuer) and either (x) the Issuer determines in good faith that such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness, (B) relating to any sale of Receivables, (C) relating to a Financing Disposition or otherwise incurred in connection with a Receivables Financing or other financing of assets or (D) relating to any Indebtedness permitted to be Incurred by any Relevant Subsidiary subsequent to the Issue Date pursuant to the first paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness."

Merger and Consolidation

The Issuer shall not in a single transaction or through a series of transactions consolidate with or merge with or into any other Person, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the Issuer's properties and assets to any other Person or Persons if such transaction or series of transactions, in the aggregate, would result in the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a consolidated basis to any other Person or Persons.

The immediately preceding paragraph will not apply if:

(1) either at the time and immediately after giving effect to any such consolidation, merger, transaction or series of related transactions, (A) the Issuer shall be the continuing corporation or (B) the Person (if other than the Issuer) formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the Issuer's properties or all or substantially all of the properties and

assets of the Issuer and of the Restricted Subsidiaries on a consolidated basis, has been made (the "**Surviving Entity**"):

(A) shall be a corporation duly organised and validly existing under the laws of France, any member state of the European Union, the United States of America, any state thereof or the District of Columbia; and

(B) expressly assumes the obligations of the Issuer under the Notes and the Indenture, pursuant to a supplemental indenture, in form reasonably satisfactory to the Trustee, and the Notes and the Indenture remain in full force and effect as so supplemented;

(2) immediately after giving effect to any such consolidation, merger, transaction or series of transactions on a *pro forma* basis (and treating any Obligation of the Issuer or any Restricted Subsidiary incurred in connection with or as a result of such transaction or series of transactions as having been incurred by the Issuer or any Restricted Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to any such transaction or series of transactions on a *pro forma* basis (on the assumption that the transaction or series of transactions occurred on the first day of the four quarter period immediately prior to the consummation of such transaction or series of transactions for which financial statements of the Issuer are available, with the appropriate adjustments with respect to the transaction or series of transactions being included in such *pro forma* calculation):

(A) the Issuer (or the Surviving Entity if the Issuer is not a continuing obligor under the Indenture) could incur at least €1.00 of additional Indebtedness in accordance with the first paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;" or

(B) the Consolidated Coverage Ratio of the Issuer (or if applicable, the Surviving Entity) would equal or exceed the Consolidated Coverage Ratio of the Issuer immediately prior to giving effect to such transaction;

(4) any Guarantor, unless it is the other party to the transactions described above or is released from its obligations under its Guarantee in connection with such transactions, will have confirmed that its Guarantee will apply to such Person's Obligations under the Indenture and the Notes; and

(5) the Issuer or the Surviving Entity will have delivered to the Trustee an Officers' Certificate (attaching the computations to demonstrate compliance with sub-clauses (2) and (3) above) and an opinion of independent counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture will, comply with the requirements of the Indenture and has been duly authorized, executed and delivered by the applicable Issuer and/or Surviving Entity and constitutes a legal, valid, binding and enforceable obligation of each such party thereto, provided that in giving such opinion such counsel may rely on an Officers' Certificate as to compliance with the foregoing sub-clauses (2) and (3) and as to matters of fact and such opinion may contain customary assumptions and qualifications. No Opinion of Counsel shall be required for a consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition described in the next succeeding paragraph.

The immediately preceding paragraph will not apply to any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Issuer (with the Issuer as the Surviving Entity thereof) and sub-clauses (2) and (3) of the immediately preceding

paragraph will not apply if the Issuer consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate incorporated or organised for the purpose of reincorporating or reorganising the Issuer in another jurisdiction or changing its legal structure to a corporation or other entity or (y) a Restricted Subsidiary of the Issuer so long as all assets of the Issuer, and the Restricted Subsidiaries of the Issuer or the Issuer, respectively, immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by such Restricted Subsidiary and its Restricted Subsidiaries immediately after the consummation thereof.

In the case of any transaction complying with this covenant to which the Issuer is a party, the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture; provided, that the predecessor Issuer shall not be relieved from its obligations to pay the principal and interest on the Notes in the case of a lease of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole.

A Guarantor may consolidate with, merge with or into, or transfer all or substantially all its assets to any other Person and the Capital Stock of a Guarantor may be sold or otherwise disposed of to another Person to the extent such sale or other disposition is in compliance with the covenant described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock;" provided, however, that in the case of the consolidation, merger or transfer of all or substantially all the assets of such Guarantor, if such other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Guarantee must be expressly assumed by such other Person, except that such assumption will not be required in the case of:

(1) the sale or other disposition (including by way of consolidation or merger) of a Guarantor, including the sale or disposition of Capital Stock of such Guarantor or of the Capital Stock of a Person of which such Guarantor is a Subsidiary, following which such Guarantor is no longer a Subsidiary of the Issuer; or

(2) the sale or disposition of all or substantially all the assets of a Guarantor,

in each case other than to the Issuer or an Affiliate of the Issuer and as permitted by the Indenture and if in connection therewith the Issuer provides an Officers' Certificate to the Trustee to the effect that the Issuer will comply with its obligations under the covenant described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock" in respect of such sale or other disposition.

This covenant includes a phrase relating to the sale, assignment, conveyance, transfer, lease or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Restricted Subsidiaries. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise definition of the phrase under applicable law. Accordingly, the applicability of this covenant when there is a sale, assignment, conveyance, transfer, lease or other disposition of less than all of the assets of the Issuer and its Restricted Subsidiaries on a consolidated basis to another Person or Persons may be uncertain.

Limitations on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any Restricted Subsidiary that is not a Guarantor to directly or indirectly guarantee, assume or in any other manner become liable for the payment of any of the Issuer's or any Guarantor's Indebtedness under the Credit Facilities, the 8.25% 2016 Notes, the 7% 2018 Notes, or the 6.125% 2019 Notes (including, in each case, guarantees in respect thereof) unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture, delivered to the Trustee, providing for a Guarantee by such Restricted Subsidiary that is senior or *pari passu* in right of payment to such Restricted Subsidiary's guarantee of such Credit Facilities, the 8.25% 2016 Notes, the 7% 2018 Notes, or the 6.125% 2019 Notes, as the case may be.

Upon the execution and delivery of such supplemental indenture, such Restricted Subsidiary shall become a Guarantor.

The preceding paragraph shall not be applicable to any guarantees by any Restricted Subsidiary (unless a guarantee with respect thereto is granted under the Credit Facilities):

(1) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or

(2) given to a bank or trust company or other financial institution referred to in sub-clause (ii) of the definition of "Cash Equivalents" in respect of or in connection with the operation of cash management or pooling programs or similar arrangements established for the Issuer's benefit or that of any Restricted Subsidiary.

Each Guarantee created for the benefit of the Holders of the Notes pursuant to this covenant will be provided to the fullest extent permitted by applicable law (including, for the avoidance of doubt, by the Issuer and its Restricted Subsidiaries having taken, in respect of each such Guarantee, measures no less effective to overcome any relevant legal prohibition or limitation in respect of such Guarantee as shall have been taken to overcome any substantially similar legal prohibitions or limitations in respect of the guarantee of such other Indebtedness, including any whitewash or similar procedures which are legally available to eliminate the relevant limit). Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes pursuant to this covenant (and any Guarantee that is given may be limited) to the extent that, in the good faith determination of the Issuer (which determination shall be conclusive), such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law which cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary or (ii) any personal liability for the officers, directors or shareholders of such Restricted Subsidiary.

Notwithstanding the foregoing, any Guarantee created pursuant to the provisions described in the first paragraph of this covenant may provide by its terms that it will be automatically and unconditionally released and discharged:

(1) subject to customary contingent reinstatement provisions, upon payment in full of the aggregate principal amount of all Notes then outstanding and all other applicable Obligations of such Guarantor then due and owing;

(2) upon a release of the guarantee or Indebtedness that resulted in the creation of the Guarantee under this covenant;

(3) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or immediately after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sales" or "Merger and Consolidation" provisions of the Indenture;

(4) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of a Person of which such Guarantor is a Subsidiary) to a Person that is not (either before or immediately after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sales" or "Merger and Consolidation" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary of the Issuer as a result of the sale or other disposition;

(5) upon legal or covenant defeasance in accordance with the provisions described under "— Legal Defeasance and Covenant Defeasance", or satisfaction and discharge in accordance with the provisions described under "— Satisfaction and Discharge";

(6) concurrently with such Guarantor becoming an Unrestricted Subsidiary; or

(7) as described under the caption "— Amendments and Waivers".

The Issuer shall be permitted to add and remove Guarantors subject to and in accordance with the provisions of the Indenture. For the avoidance of doubt, the Issuer will be permitted after the Issue Date to cause additional Restricted Subsidiaries to become Guarantors under the Indenture even if such Restricted Subsidiaries are not required at such time to become Guarantors pursuant to the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Restricted Subsidiaries" (such Guarantors "**Optional Guarantors**"). The Issuer will be entitled to release any such Optional Guarantor from its Guarantee obligations provided (x) no Event of Default would result from such release and (y) such Optional Guarantor is not at the time of the proposed release otherwise required to be a Guarantor pursuant to the covenant under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Restricted Subsidiaries".

Upon any release of a Guarantee contemplated under this "— Certain Covenants — Limitations on Guarantees of Indebtedness by Restricted Subsidiaries" section, the Trustee shall execute any documents required in order to evidence such release, discharge and termination in respect of such Guarantee.

Reports

As long as any Notes are outstanding, the Issuer will furnish to the Noteholders and the Trustee:

(1) within 120 days after the end of the Issuer's fiscal year, annual reports containing audited consolidated financial statements of the Issuer for the fiscal year then ended and comparative audited consolidated financial statements of the Issuer for the prior fiscal year, in each case prepared in accordance with IFRS together with reasonably detailed footnote disclosure, and also containing, with respect to the Issuer and its Subsidiaries, disclosure regarding the Issuer's business and management's analysis of the financial results in form and substance substantially equivalent to that contained in the Issuer's annual reference document (*document de référence*) with respect to the fiscal year ended 31 December 2012;

(2) within 60 days following the end of each of the first three quarters in each fiscal year of the Issuer quarterly reports containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such period and unaudited condensed statements of income and cash flow for such period, and the comparable prior year periods, each under IFRS, together with condensed footnote disclosure; and (ii) an operating and financial review of the audited and unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and changes in critical accounting policies; and

(3) promptly after the occurrence of a material acquisition, disposition, restructuring of the Issuer and its Restricted Subsidiaries taken as a whole or change in auditors or any other material event of the Issuer and its Restricted Subsidiaries taken as a whole, a report containing a description of such event.

The Trustee shall have no obligation to read or analyze any information or report delivered to it under this covenant and shall have no obligation to determine whether any such information or report complies with the provisions of this covenant and shall not be deemed to have notice of anything disclosed therein and shall incur no liability by reason thereof.

The Issuer will also make available copies of all reports required by this covenant (i) on its website and (ii) if and so long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, at the specified office of the Paying Agent in Luxembourg.

In addition, so long as any of the Notes are "restricted securities" (as defined in Rule 144 under the Securities Act) and during any period during which the Issuer is neither subject to the reporting requirements of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer will furnish to any Holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" pursuant to Rule 144A under the Securities Act, and to prospective purchasers in the United States designated by such Holder or beneficial owners, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Currency Indemnity

The US dollar and the euro are the sole currencies of account and payment for all sums payable by the Issuer or any Guarantor under the Dollar Notes and the Euro Notes, respectively, or in respect thereof under the Indenture. Any amount received or recovered in a currency other than US dollars in respect of the Dollar Notes or euros in respect of the Euro Notes, as the case may be, whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, its Subsidiaries or otherwise, by the Trustee or a Noteholder in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall constitute a discharge of the Issuer or such Guarantor only to the extent of the US dollar amount or the euro amount, as the case may be, which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that US dollar amount is less than the US dollar amount expressed to be due to the recipient under any Dollar Note, or if that euro amount is less than the euro amount expressed to be due to the recipient under any Euro Note, the Issuer and each Guarantor, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the Trustee or the Noteholder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of US dollars or euros, as the case may be, been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of US dollars or euros, as the case may be, on such date had not been practicable, on the first date on which it would have been practicable).

The above indemnity, to the extent permitted by law:

- constitutes a separate and independent obligation from the other obligations of the Issuer and any Guarantor;
- shall give rise to a separate and independent cause of action;
- shall apply irrespective of any waiver granted by the Trustee or any Noteholder; and
- shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

The indemnity pursuant to the provisions described under this "— Currency Indemnity" section shall be a senior obligation with respect to the Issuer and any Guarantor on the same basis and to the same extent as all other payment obligations of the Issuer and such Guarantor hereunder.

Events of Default

Each of the following is an Event of Default with respect to the Notes (each, an "**Event of Default**"):

(1) (x) a default in the payment of interest on the Notes when due, continued for 30 days, or (y) a default in the payment of Additional Amounts for 30 days;

(2) a default in the payment of principal of, or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, a repurchase required by the Indenture, acceleration or otherwise;

(3) failure by the Issuer to comply with its obligations under (x) the covenant described under "— Change of Control" for 30 days after notice from the Trustee (other than failure to purchase, with respect to which no 30 day notice period shall apply) or (y) the first paragraph of the covenant described under "— Certain Covenants — Merger and Consolidation;"

(4) failure by the Issuer to comply for 30 days after notice from the Trustee with any other covenant contained in the Indenture or in the Notes;

(5) the failure by the Issuer or any Restricted Subsidiary to pay any Indebtedness within any applicable grace period after final maturity (within the originally applicable express grace period and any extensions thereof) or the acceleration of any such Indebtedness by the holders thereof because of a default, if the total amount of such Indebtedness so unpaid or accelerated exceeds €75 million in the aggregate or its equivalent in a currency other than euro;

(6) the taking of any of the following actions by the Issuer or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law: (A) the commencement of a voluntary case (including, the appointment of a voluntary administrator); (B) the consent to the entry of an order for relief against it in an involuntary case; (C) the consent to the appointment of a Custodian of it or for any substantial part of its property (unless such appointment is done on a solvent basis or is in connection with a transaction or series of related transactions permitted by the covenant described under "— Certain Covenants — Merger and Consolidation"); or (D) the making of a general assignment for the benefit of its creditors;

(7) a court of competent jurisdiction enters an order, judgment or decree under any Bankruptcy Law that: (A) is for relief against the Issuer or any Significant Subsidiary in an involuntary case; (B) appoints a Custodian of the Issuer or any Significant Subsidiary or for any substantial part of any of their respective property; or (C) orders the winding-up or liquidation of the Issuer or any Significant Subsidiary (unless such winding up or liquidation is done on a solvent basis or is in connection with a transaction or series of related transactions permitted by the covenant described under "— Certain Covenants — Merger and Consolidation"); and in any of (A) through (C), the order or decree remains unstayed and in effect for 60 days;

(8) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 60 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof will be unsuccessful) in excess of €75 million or its equivalent in a currency other than euros against the Issuer or a Significant Subsidiary, or jointly and severally against other Restricted Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment or decree remains outstanding for a period of 60 days following such judgment or decree and is not discharged, waived or stayed; or

(9) any Guarantee of a Guarantor that is a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or any Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Guarantee in writing (other than by reason of release of a Guarantor from or other termination of its Guarantee in accordance with the terms of the Indenture), if such default continues for 10 days.

If an Event of Default (other than an Event of Default specified in sub-clause (6) or (7) of the preceding paragraph) occurs and is continuing, the Trustee (subject as provided below under this "— Events of Default" section) or the Holders of at least 25% in principal amount of the outstanding Notes may declare by notice in writing to the Issuer the Notes to be immediately due and repayable at their principal amount together with accrued interest and all other amounts due on all the Notes; provided, however, that, after such acceleration, but before a judgment or decree based on acceleration, the Holders of a majority in aggregate principal amount of the outstanding Notes may rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, interest and other amounts due, have been cured or waived. Upon such a declaration, such principal and interest and all other amounts due shall be due and payable immediately. If an Event of Default relating to sub-clause (6) or (7) of the preceding paragraph occurs and is continuing, the Notes will automatically become and be immediately due and payable at such amount aforesaid without any declaration or other act on the part of the Trustee or any Noteholders.

Notwithstanding the immediately preceding paragraph, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in sub-clause (5) of the first paragraph of this "— Events of Default" section shall have occurred and be continuing, such declaration of acceleration of the Notes and such Event of Default and all consequences thereof (including any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, and be of no further effect, if the payment default or other default triggering such Event of Default has been remedied or cured by the Issuer or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the acceleration declaration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

In case an Event of Default has occurred and is continuing, the Trustee will be required to exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of interest, Additional Amounts or premium, if any, on, or the principal of, the Notes or to enforce the performance of any provision of the Notes, any Guarantee or the Indenture.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security or indemnity satisfactory to it against any loss, liability or expense. Subject to these provisions on the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of Holders not taking part in such direction or that would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

Except (subject to "— Amendments and Waiver") to enforce the right to receive payment of interest, Additional Amounts or premium, if any, on, or the principal of, the Notes, no Holder may pursue a remedy with respect to the Indenture or the Notes unless:

(1) such Noteholder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) such Holders have offered to the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The right of any Holder to receive payment of interest, Additional Amounts or premium, if any, on, or the principal of, such Holder's Notes on or after the respective due dates expressed in such Holder's Notes, or to institute suit for the enforcement of any such payment on or after such respective due dates, shall not, however, be impaired without the consent of such Holder, except to the extent of any waiver or amendment made pursuant to the second and third paragraphs of "— Amendments and Waivers."

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee a notice of such Default or Event of Default.

For the purpose of calculating the aggregate principal amount of the Notes in connection with any exercise of remedies by the Holders, the Euro Equivalent of the principal amount of any Dollar Notes shall be as of the Issue Date.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or stockholder, as such, of the Issuer or any Subsidiary of any thereof shall have any liability for any obligation of the Issuer or any Guarantor under the Indenture, any Guarantee, the Notes and the Credit Facilities or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Noteholder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Amendments and Waivers

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes and any Guarantees, may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes), and any existing or past Default or Event of Default (except a continuing Default or Event of Default in the payment of principal of or premium or interest on any Notes (other than a payment default resulting from an acceleration that has been rescinded)) or compliance with any provision of the Indenture, the Notes or any Guarantees may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes), provided that, if any amendment, supplement, waiver or other modification will only affect one series of the Notes, except as provided in

the next two succeeding paragraphs, only the consent of the Holders of a majority in principal amount of the then outstanding Notes of such series shall be required.

Unless consented to by the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes affected (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes), an amendment, supplement or waiver may not:

(1) reduce the amount of Notes whose Holders must consent to an amendment or a waiver;

(2) reduce the rate of or extend the time for payment of interest on the Notes;

(3) reduce the principal of or change the Stated Maturity of the Notes;

(4) reduce the premium payable upon the redemption of, or change the date for any redemption of, Notes as described under "— Optional Redemption" or "— Taxation — Redemption for Changes in Withholding Tax" (or, after a Change of Control has already occurred, as described under "— Change of Control");

(5) make any of the Notes payable in a currency other than US dollar (in the case of the Dollar Notes) or the euro (in the case of the Euro Notes);

(6) impair the right of any Holder of the Notes to receive payment of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(7) make any change in this list of matters which require consent of Holders of at least 90% of the aggregate principal amount of the Notes then outstanding;

(8) make any change in the ranking or priority of any of the Notes or any Guarantees that would adversely affect the Noteholders;

(9) release, other than in accordance with the Indenture, any Guarantee in a manner that would adversely affect the Noteholders;

(10) make any change in the provisions described under "— Taxation" that adversely affects the rights of the Noteholders or amend the terms of the Notes or the Indenture in each case in a manner that would result in the loss of an exemption from any of the Taxes described thereunder; or

(11) waive a default in the payment of principal of or premium or interest on any Notes (except a rescission of acceleration of the Notes by the Holders thereof as provided for in the Indenture and a waiver of the payment default that resulted from such acceleration).

Any amendment, waiver or supplement to the above matters consented to by at least 90% of the aggregate principal amount of the then outstanding Notes affected will be binding against any non-consenting Noteholders. For the purpose of calculating the aggregate principal amount of the Notes that have consented to or voted in favor of any amendment, waiver or supplement, the Euro Equivalent of the principal amount of any Dollar Notes shall be as of the Issue Date.

The Trustee may agree, without the consent of any Holder, to the waiver or authorization of any breach or proposed breach of any of the provisions of the Indenture, or determine, without any such consent as aforesaid, that any Event of Default or Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders).

In addition, without the consent of any Holder, the Issuer, the Trustee and (as applicable) any Guarantor may amend or supplement the Indenture or the Notes to: cure any ambiguity, defect, manifest error or inconsistency; to provide for the assumption by a successor of the obligations of the

Issuer or a Guarantor under the Indenture; to provide for uncertificated Notes in addition to or in place of certificated Notes; to add Guarantees with respect to the Notes; to secure the Notes; to evidence a successor Trustee; to confirm and evidence the release, termination or discharge of any Guarantee or Lien with respect to or securing the Notes when such release, termination or discharge is permitted under the Indenture; to add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power conferred upon the Issuer; to provide for or confirm the issuance of Additional Notes; to conform the text of the Indenture (including any supplemental indenture or other instrument pursuant to which Additional Notes are issued), the Notes (including any Additional Notes) or any Guarantee to any provision of this "Description of Notes"; or to make any change that is not, in the opinion of the Trustee, materially prejudicial to the rights of the Noteholders.

The consent of the Noteholders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance thereof. Until an amendment, supplement or waiver becomes effective, a consent to it by a Noteholder is a continuing consent by such Noteholder and every subsequent Holder of all or part of the related Note. After an amendment, supplement or waiver that requires consent of Noteholders under the Indenture becomes effective, the Issuer is required to mail to Noteholders, with a copy to the Trustee, a notice briefly describing such amendment, supplement or waiver. However, the failure of the Issuer to mail such notice to all Noteholders, or any defect therein, will not impair or affect the validity of any supplemental indenture or the effectiveness of any amendment, supplement or waiver.

In formulating its opinion on the matters referred to in this section, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and/or an Officers' Certificate.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of any Guarantors discharged with respect to their Guarantees ("**Legal Defeasance**") except for:

(1) those relating to the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts, if any) or premium, if any, on, such Notes when such payments are due from the defeasance trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer or exchange of the Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and any Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and any Guarantors released with respect to certain covenants that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "— Events of Default" (except those relating to payments on the Notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in US dollars, non-callable US Government Securities or a combination thereof (in the case of the Dollar Notes), and cash in euros, non-callable euro-denominated European Government Securities or a combination thereof (in the case of the Euro Notes), in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, and interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

    (a) an Opinion of Counsel in the United States confirming that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

    (b) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Legal Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

    (a) an Opinion of Counsel in the United States confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

    (b) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Covenant Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than any such Default or Event of Default resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any other material agreement or instrument (other than the Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than any such breach, violation or default resulting from the borrowing of funds to be applied to make the deposit required to effect such Legal

Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith);

(6) the Issuer must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(7) the Issuer must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been cancelled or delivered to the Trustee for cancellation; or

(b) all Notes that have not been cancelled or delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in US dollars, non-callable U.S. Government Securities or a combination thereof (in the case of the Dollar Notes), and cash in euros, non-callable euro-denominated European Government Securities or a combination thereof (in the case of the Euro Notes), in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than any such Default or Event of Default resulting from the borrowing of funds to be applied to make such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than any such breach, violation or default resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith);

(3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee, each to the effect that all conditions precedent to satisfaction and discharge have been satisfied.

Calculation of Euro-Denominated Restrictions

Except as provided for in the covenant described under "— Certain Covenants — Limitation on Indebtedness" or as otherwise specifically set forth herein, whenever it is necessary to determine whether the Issuer has complied with any covenant in the Indenture or a Default has occurred and an amount is expressed in a currency other than euros, such amount will be treated as the Euro Equivalent determined as of the date such amount is initially determined in such currency.

Listing

The Issuer will use its reasonable best efforts to list and to maintain the listing of the Notes on the Euro MTF of the Luxembourg Stock Exchange (the "**Euro MTF**"), for so long as such Notes are outstanding; provided that if at any time the Issuer determines that it is unable to list or it can no longer reasonably comply with the requirements for listing the Notes on the Euro MTF or if maintenance of such listing becomes unduly onerous, it will not be obliged to maintain a listing of the Notes on the Euro MTF and will use its reasonable best efforts to obtain and maintain a listing of such Notes on another recognised stock exchange in Europe.

Notices

All notices to the Noteholders regarding the Notes will be mailed to them at their respective addresses in the Register and will be deemed to have been given on the fourth Business Day after the date of mailing.

So long as the Notes are represented by a global certificate and such global certificate is held on behalf of a clearing system, notices to the Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders.

In addition, for so long as any Notes are listed on the Euro MTF, and to the extent that the rules of the Luxembourg Stock Exchange so require, notices to the Holders of the relevant Notes shall be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange.

Governing Law, Submission to Jurisdiction and Service of Process

The Indenture, the Notes and any Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Indenture will provide that the Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and any Guarantees and for actions brought under US federal or state securities laws brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Because the assets of the Issuer are (and the assets of any Guarantor are expected to be) outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium or Additional Amounts, if any, on the Notes or any Guarantees will be prescribed ten years after the applicable due dates for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest will be prescribed five years after the applicable due date for the payment of interest.

Certain Definitions

"**6.125% 2019 Notes**" means the 6.125% Senior Notes due 2019 of the Issuer issued under an Indenture, dated March 28, 2012, among the Issuer and, *inter alios*, The Bank of New York Mellon, as trustee (the "**6.125% 2019 Notes Indenture**"), as are outstanding on the date hereof.

"**7% 2018 Notes**" means the 7% Senior Notes due 2018 of the Issuer constituted by a Trust Deed, dated May 27, 2011, among the Issuer and, *inter alios*, BNP Paribas Trust Corporation UK Limited, as trustee (the "**7% 2018 Notes Trust Deed**"), as are outstanding on the date hereof.

"**8.25% 2016 Notes**" means the 8.25% Senior Notes due 2016 of the Issuer constituted by a Trust Deed, dated December 21, 2009 and supplemented by the First Supplemental Trust Deed dated January 20, 2010, among the Issuer and, *inter alios*, BNP Paribas Trust Corporation UK Limited, as trustee (the "**8.25% 2016 Notes Trust Deed**"), as are outstanding on the date hereof.

"**Additional Assets**" means:

(a) any property or assets that replace property or assets that are the subject of an Asset Disposition and are to be used in a Related Business;

(b) any property, plant, equipment or other assets (other than Indebtedness or Capital Stock) that are to be used in a Related Business;

(c) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(d) Capital Stock in any Person that at the relevant time is a Restricted Subsidiary acquired from a third-party; provided, however, that any such Restricted Subsidiary described in sub-clause (c) or (d) above is engaged in a Related Business.

"**Additional Notes**" has the meaning set forth in the fourth paragraph under "— Brief Description of the Notes — Principal, Maturity and Interest."

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Asset Disposition**" means any sale, lease, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares, or shares to be held by third parties to meet applicable legal requirements), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction), other than:

(a) a disposition to the Issuer or a Restricted Subsidiary;

(b) dispositions of inventory, products, equipment, machinery or services in the ordinary course of business;

(c) any Restricted Payment permitted pursuant to the covenant described under "— Certain Covenants — Limitation on Restricted Payments" or any Permitted Investment;

(d) a disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole that is governed by the covenants described under "— Change of Control" or "— Certain Covenants — Merger and Consolidation," or any disposition of cash or Cash Equivalents;

(e) any Financing Disposition in connection with a Receivables Financing permitted under the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(f) any financing transaction with respect to the building, improvement or acquisition of property by the Issuer or any Restricted Subsidiary (or the Refinancing thereof) to the extent permitted under the covenant described under "— Certain Covenants — Limitation on Indebtedness," including without limitation any Sale/Leaseback Transaction or asset securitization;

(g) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets;

(h) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(i) the disposition or abandonment of intellectual property of the Issuer or any Restricted Subsidiary, in each case, that it is no longer economically practicable to maintain or that is no longer used or useful in the ordinary course of the business of the Issuer or any Restricted Subsidiary;

(j) the grant of licences to intellectual property rights to third parties (other than Affiliates of the Issuer or any of its Restricted Subsidiaries) on an arm's length basis;

(k) dispositions constituting Liens permitted to be incurred under the Indenture (but not, for the avoidance of doubt, a foreclosure on, a Lien);

(l) any disposition of obsolete, damaged, surplus or worn-out equipment and any abandonment of any assets that are no longer in use, in each case, in the ordinary course of business;

(m) a disposition of Capital Stock of a Restricted Subsidiary, or of the business or assets of a Restricted Subsidiary, (1) if such disposition (x) occurs pursuant to an agreement or other obligation with or to a Person (other than the Issuer or an Affiliate of the Issuer) from whom such Restricted Subsidiary was acquired by the Issuer or a Restricted Subsidiary, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), (y) is part of and directly related to the acquisition of such Restricted Subsidiary or the acquisition of the assets and properties of such Restricted Subsidiary and (z) occurs no later than six months following the relevant acquisition, or (2) if the disposition is necessary to obtain or satisfy one or more competition law, antitrust, or similar governmental or regulatory approvals or requirements for the acquisition of such Restricted Subsidiary by the Issuer or a Restricted Subsidiary or of the business or assets of a Restricted Subsidiary (having been newly formed in connection with such acquisition);

(n) the sale of assets that are not-core business (*i.e.*, assets that do not participate in the electrical supplies and the electrical solutions distributor business (on a business-to-business basis)) in one or more related transactions for aggregate consideration not to exceed €30 million;

(o) any transaction or series of related transactions in which the Issuer and/or the Restricted Subsidiaries dispose of assets or businesses with a fair market value of less than €50 million; or

(p) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements.

"**Attributable Indebtedness**" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total Obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); provided, however, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"**Available Receivables Basket Amount**" means, as of any date of determination:

(i) for purposes of sub-clause (1) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness," (x) the Receivables Basket Amount less (y) the Receivables Facilities Basket Outstanding Amount; and

(ii) for purposes of sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness," (x) the Receivables Basket Amount less (y) the Credit Facilities Growth Basket Outstanding Amount.

For purposes of this definition:

(a) "**Credit Facilities Growth Basket Outstanding Amount**" means, as of any date of determination, the amount of Indebtedness then outstanding under sub-clause (1)(z) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(b) "**Receivables Basket Amount**" means, as of any date of determination, 66% of the consolidated trade accounts receivable of the Issuer and its Restricted Subsidiaries, as reflected on the consolidated balance sheet of the Issuer as of such date of determination prepared in accordance with IFRS; and

(c) "**Receivables Facilities Basket Outstanding Amount**" means, as of any date of determination, the amount of Indebtedness then outstanding under sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness."

"**Average Life**" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment; by

(b) the sum of all such payments.

"**BAML Group**" means, collectively, (i) ML Global Private Equity Fund, L.P., a Cayman Islands exempted partnership, or any successor thereto (the "**BAML Fund**"), (ii) Merrill Lynch Ventures LP 2001 or any successor thereto ("**BAML Ventures**"), (iii) any other investment fund or vehicle managed, sponsored, owned or advised by Merrill Lynch Global Partners, Inc., or any successor thereto ("**BAML**"), the BAML Fund or BAML Ventures, or any successor to any such fund or vehicle, (iv) any Affiliate of BAML Ventures, the BAML Fund, BAML or any such fund or vehicle, or (v) any of their respective successors in interest.

"**Bankruptcy Law**" means Title 11, U.S. Code, or any similar U.S. Federal, state or non-U.S. law for the relief of debtors, including any of the procedures referred to in Titles I to IV of Book VI of the

French Commercial Code, and any analogous procedures in the jurisdiction of organisation of any present or future Significant Subsidiary.

"**Board of Directors**" means, for any Person, the board of directors or other governing body of such Person or, in either case, any committee thereof duly authorised to act on behalf of such board or other governing body. With respect to the Issuer, the "Board of Directors" means the supervisory board ("*conseil de surveillance*") or the management board ("*directoire*") or, in either case, any committee thereof, provided that if the Issuer's governance structure is modified so that it has a board of directors ("*conseil d'administration*"), the Board of Directors refers to such board or any committee thereof.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorised or required by law, regulation or executive order to close in New York City or Paris, and other than any other day on which the Trans-European Automated Real Time Gross Settlement Express Transfer payment system is closed for settlement of payments in euros.

"**Capital Lease Obligation**" means an obligation that is required to be classified and accounted for as a capital or finance lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation shall be the capitalised amount of such obligation determined in accordance with IFRS; and the Stated Maturity thereof shall be the date of the last scheduled payment of rent or any other amount due under such lease without payment of a penalty.

"**Capital Stock**" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Cash Equivalents**" means any of the following: (i) securities issued or fully guaranteed or insured by the United States of America or a member state of the European Union or any agency or instrumentality of any thereof maturing within 360 days of the date of acquisition thereof, (ii) time deposits, certificates of deposit or bankers' acceptances maturing within 360 days of the date of acquisition thereof of (x) any agent or arranger (or affiliate thereof) under the Senior Credit Facilities, (y) any commercial bank or other financial institution having capital and surplus in excess of €500,000,000, with an unsecured debt rating of at least "A" from S&P, A2 from Moody's or an equivalent rating by a U.S. or Non-U.S. comparable agency or (z) any other commercial bank or other financial institution outside the United States or the European Union, so long as the maximum amount of time deposits, certificates of deposit or bankers acceptances at such banks or other financial institutions does not exceed €50,000,000 in the aggregate at any time outstanding, (iii) commercial paper of a corporation (other than the Issuer or its Affiliates), maturing not more than 270 days from the date of acquisition, rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or, if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (iv) money market instruments, commercial paper or other short term obligations rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or, if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (v) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Issuer Act of 1940, as amended, and (vi) investments correlative in type, maturity and rating to any of the foregoing denominated in foreign currencies or at foreign institutions.

"**CD&R Group**" means, collectively, (i) Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII, L.P., each a Cayman Islands exempted limited partnership, or any successor thereto ("**CD&R Fund**"), (ii) CDR Ray Investor L.P. and CDR Ray Investor III L.P., each a Cayman Islands exempted limited partnership or any successor thereto ("**CDRR**"), (iii) CDR Ray Co-Investor L.P., a Cayman Islands exempted limited partnership ("**CDR Co-Investor**"), (iv) any other

investment fund or vehicle managed, sponsored or advised by Clayton, Dubilier & Rice, Inc., Clayton, Dubilier & Rice, LLC or Clayton, Dubilier & Rice Limited (together "**CD&R**"), or any of their respective Affiliates or any successor to any such fund or vehicle, and (v) any Affiliate of the CD&R Fund, CDR Co-Investor, CDRR, CD&R or any such fund or vehicle.

"**Change of Control**" has the meaning set forth in the covenant described under "— Change of Control."

"**Commodities Agreement**" means, in respect of any Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"**Consolidated Coverage Ratio**" as of any date of determination means the ratio of (i) the aggregate amount of Consolidated EBITDA of the Issuer and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Issuer are available to (ii) Consolidated Interest Expense for such four fiscal quarters; provided that:

(a) if since the beginning of such period the Issuer or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility incurred for working capital purposes outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation);

(b) if since the beginning of such period the Issuer or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a "**Discharge**") or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any working capital revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period;

(c) if since the beginning of such period the Issuer or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to (A) the Consolidated Interest Expense attributable to any Indebtedness of the Issuer or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Issuer and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the assumption of such Indebtedness by another Person) plus (B) if the Capital Stock of any Restricted Subsidiary is

sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Issuer and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale;

(d) if since the beginning of such period the Issuer or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder (any such Investment or acquisition, a "**Purchase**"), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period; and

(e) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Issuer or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to sub-clause (b), (c) or (d) above if made by the Issuer or a Restricted Subsidiary during such period, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including without limitation in respect of realised or anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Issuer (or, if at such time there is not a Chief Financial Officer, a responsible financial or accounting Officer of the Issuer). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months). If any Indebtedness is incurred under a revolving credit facility and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated based on the average daily balance of such Indebtedness for the four quarterly periods subject to the *pro forma* calculation to the extent that such Indebtedness was incurred solely for working capital purposes. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"**Consolidated EBITDA**" means, for any period, the Consolidated Net Income for such period including, without duplication, any net payment or receipt paid or payable or received under any Commodity Agreement in such period, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(i) provision for all taxes (whether or not paid, estimated, accrued or deferred) based on income, profits or capital, for the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS;

(ii) Consolidated Interest Expense and any Receivables Fees;

(iii) depreciation, impairment, amortization (including but not limited to amortization of goodwill and intangibles and amortization and write-off of financing costs but excluding any such amortization expense to the extent already included in Consolidated Interest Expense) and all other non-cash charges or non-cash losses, of the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS;

(iv) any expenses or charges of the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS, related to any equity offering or issuance or incurrence of Indebtedness permitted by the Indenture (whether or not consummated or incurred); and

(v) the amount of any expenses and charges related to minority interests, including losses and impairment of goodwill.

"**Consolidated Interest Expense**" means, for any period, the total interest expense of the Issuer and its Restricted Subsidiaries, net of any interest income of the Issuer and its Restricted Subsidiaries, and after taking into account the net payment or receipt paid or payable or received or receivable under any Interest Rate Agreement or Currency Agreement in respect of Indebtedness, and after excluding any foreign exchange differences that are treated as interest under IFRS and after excluding any fair value movements on any Indebtedness or Hedging Obligations for such period, *plus* (without duplication):

(i) imputed interest on Capitalized Lease Obligations and Attributable Indebtedness;

(ii) all amortization of debt issuance and other financing costs (including transaction costs related to financings);

(iii) commissions, discounts and other fees and charges owed with respect to letters of credit securing financial obligations, bankers' acceptance financing and receivables financings;

(iv) capitalized interest and interest paid in additional indebtedness;

(v) all other non-cash interest expense;

(vi) the product of (a) all dividend payments on any series of Disqualified Stock of the Issuer or any Preferred Stock of any Restricted Subsidiary (other than any such Disqualified Stock or any Preferred Stock held by the Issuer or a Restricted Subsidiary or dividends paid in Capital Stock, other than Disqualified Stock), multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current statutory tax rate of the issuer of such Disqualified Stock or Preferred Stock, expressed as a decimal; and

(vii) interest in respect of any Indebtedness of any other Person guaranteed by (or secured by the assets of) the Issuer or any Restricted Subsidiary, but only to the extent of interest actually paid by the Issuer or any Restricted Subsidiary;

provided that Consolidated Interest Expense excludes (i) any interest relating to employee benefit plans, including expected or accrued returns on employee benefit plan assets, and interest costs of employee benefit obligations and (ii) any write-offs of debt issuance and other financing costs.

"**Consolidated Net Income**" means, for any period, the profit (loss) after taxes of the Issuer and its Restricted Subsidiaries, determined on a consolidated basis in accordance with IFRS and before any reduction in respect of Preferred Stock dividends; provided that there shall not be included in such Consolidated Net Income:

(a) any net income (loss) of any Person if such Person is not the Issuer or a Restricted Subsidiary (including minority interests and share in net results of associates), except that (A) the Issuer's equity in the net income of any such Person for such period shall be included in such

Consolidated Net Income up to the aggregate amount actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in sub-clause (b) below) and (B) the Issuer's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of the Issuer or any of its Restricted Subsidiaries in such Person;

(b) solely for purposes of the calculation of the Restricted Payments Basket, the net income (loss) of any Restricted Subsidiary that is not a Guarantor during such period to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of that income is not permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary during such period (other than (x) restrictions that have been waived or otherwise released, (y) restrictions pursuant to any of the Notes, the Indenture, the 6.125% 2019 Notes, the 6.125% 2019 Notes Indenture, the 7% 2018 Notes, the 7% 2018 Notes Trust Deed, the 8.25% 2016 Notes and the 8.25% 2016 Notes Trust Deed and (z) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole are not materially less favourable to the Noteholders than such restrictions in effect on the Issue Date), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period;

(c) any gain or loss realised upon the sale or other disposition of any asset of the Issuer or any Restricted Subsidiary (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors);

(d) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge (including fees, expenses and charges associated with any acquisition, merger or consolidation after the Issue Date);

(e) the cumulative effect of a change in accounting principles;

(f) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness;

(g) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings relating to qualifying hedging transactions or the fair values or changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case in respect of Hedging Obligations;

(h) any unrealised foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person;

(i) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards to the extent otherwise included in Consolidated Net Income;

(j) any unrealised foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary; and

(k) any non-cash charge, expense or other impact attributable to application of the purchase or recapitalization method of accounting (including the total amount of depreciation and

amortization, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase or recapitalization accounting adjustments).

In the case of any unusual or nonrecurring gain, loss or charge not included in Consolidated Net Income pursuant to sub-clause (d) above in any determination thereof, the Issuer will deliver an Officers' Certificate to the Trustee promptly after the date on which Consolidated Net Income is so determined, setting forth the nature and amount of such unusual or nonrecurring gain, loss or charge. Notwithstanding the foregoing, for the purpose of sub-clause (3)(A) of the Restricted Payments Basket described in the first paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income, without duplication, any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Issuer or a Restricted Subsidiary to the extent such dividends, repayments or transfers are applied by the Issuer to increase the amount of the Restricted Payments Basket pursuant to sub-clause (3)(C) or (D) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments."

"**Consolidated Tangible Assets**" means, as of any date of determination, the total assets less the sum of the goodwill, net, and other intangible assets, net, in each case reflected on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries as at the end of the most recently ended fiscal quarter of the Issuer for which such a balance sheet is available, determined on a consolidated basis in accordance with IFRS (and, in the case of any determination relating to any Incurrence of Indebtedness or any Investment, on a *pro forma* basis including any property or assets being acquired in connection therewith).

"**Credit Facilities**" means one or more of (i) the Senior Credit Facilities and (ii) other facilities or arrangements designated by the Issuer, in each case with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables financings (including, without limitation, through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or the creation of any Liens in respect of such receivables in favour of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee agreement, letter of credit applications and other guarantees, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structural or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, commercial paper programs or facilities, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is a party or beneficiary.

"**Custodian**" means any receiver, trustee, assignee, liquidator, custodian, voluntary administrator or similar official (including any "*administrateur judiciaire*," "*administrateur provisoire*," "*mandataire ad hoc*," "*conciliateur*" or "*mandataire liquidateur*") under any Bankruptcy Law.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Noncash Consideration**" means the Fair Market Value of noncash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Noncash Consideration pursuant to an Officers' Certificate, setting forth the basis of such valuation.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(a) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund Obligation or otherwise;

(b) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(c) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to 91 days after the Stated Maturity of the Notes; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of a "change of control" or "asset sale" shall not constitute Disqualified Stock if:

(a) the "change of control" or "asset sale" provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the Notes under the covenants described under "— Change of Control" and "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock," respectively; and

(b) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; provided, however, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"**Eurazeo Group**" means collectively (i) Eurazeo, a *société anonyme à directoire et conseil de surveillance* organised under the laws of France; (ii) any subsidiary of Eurazeo; (iii) any investment fund or vehicle managed, sponsored or advised by Eurazeo or any of its subsidiaries or any successor thereto, or any successor to any such fund or vehicle; (iv) any Person controlled by the managers or employees of Eurazeo or any of its subsidiaries; and (v) any of their respective successors in interest.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any date of determination thereof (or at the date as of which such determination is to be made) by the Issuer or the Trustee, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published in The Financial Times in the "Currencies" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be

selected in good faith by the Issuer) on the date of such determination (or at the date as of which such determination is to be made).

"**European Government Securities**" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state pledges its full faith and credit.

"**European Union**" means the European Union, including member states prior to 1 May 2004 but excluding any country that became or becomes a member of the European Union on or after 1 May 2004.

"**Event of Default**" has the meaning set forth under the caption "— Event of Default".

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by the Board of Directors, whose determination will be conclusive, except that, for purposes of sub-clause (3)(B) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments," if the Fair Market Value of property and assets other than marketable securities is determined as being in excess of €100 million, such determination shall have been based upon or be supported by an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing.

"**Financing Disposition**" means any sale, transfer, conveyance or other disposition of property or assets or the creation of any Lien over property or assets by the Issuer or any Subsidiary thereof in connection with a Receivables Financing Incurred under sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness."

"**Fitch**" means Fitch Ratings Inc. and its successors.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person; provided, however, that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any Obligation.

"**Guarantee**" means a guarantee of the Issuer's obligations with respect to the Notes that may from time to time be given by a Restricted Subsidiary pursuant to the covenant described under "— Certain Covenants — Limitation on Guarantees of Indebtedness by Restricted Subsidiaries" or otherwise under the Indenture.

"**Guarantor**" means any Restricted Subsidiary that enters into a Guarantee, until such time as it is released in accordance with the provisions of the Indenture.

"**Guarantor Subordinated Obligations**" means, with respect to a Guarantor, any Indebtedness of such Guarantor that is expressly subordinated in right of payment to the obligations of such Guarantor under its Guarantee pursuant to a written agreement.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodities Agreement or Currency Agreement.

"**Holder**" or "**Noteholder**" means the Person in whose name a Note is registered on the Registrar's books.

"**IFRS**" means International Financial Reporting Standards in effect on the Issue Date, or, with respect to the reporting requirements described under "— Certain Covenants — Reports," as in effect from time to time.

"**Incur**" or "**incur**" means issue, assume, enter into a guarantee of, incur or otherwise become liable for; provided, however, that any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with the covenant described under "— Certain Covenants — Limitation on Indebtedness," the following will not be deemed to be the Incurrence of Indebtedness:

(a) amortization of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(b) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and

(c) the Obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed);

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property (except (x) trade payables and accrued expenses incurred by such Person in the ordinary course of business and not overdue by more than 90 days, (y) customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course and (z) deferred insurance premiums in the ordinary course), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto;

(e) all Capital Lease Obligations of such Person;

(f) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Issuer other than a Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock);

(g) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (B) the amount of such Indebtedness of such other Persons;

(h) all guarantees by such Person of Indebtedness of other Persons, to the extent so guaranteed by such Person;

(i) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the greater of (x) the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time and (y) the amount required under IFRS to be reflected on the balance sheet of such Person at such time); and

(j) all Attributable Indebtedness of such Person.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture or otherwise shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with IFRS.

"**Interest Rate Agreement**" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates.

"**Investment**" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, dealers and suppliers of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. Guarantees of the Notes shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment (for non-cash items, determined at Fair Market Value); provided, that to the extent that the amount of Restricted Payments outstanding at any time is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to the first paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments."

For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payments" and the covenant described under "— Certain Covenants — Limitation on Restricted Payments":

(a) "**Investment**" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (i) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"**Issue Date**" means on or about April 3, 2013.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind securing any Obligation of any Person (including any title transfer or other title retention agreement having a similar effect).

"**Management Investors**" means the officers, directors, employees and other members of the management of any Parent, the Issuer or any of their respective Subsidiaries, or family members or relatives thereof (provided that, solely for purposes of the definition of "Permitted Holders," such relatives shall include only those Persons who are or become Management Investors in connection with estate planning for or inheritance from other Management Investors, as determined in good faith by the Issuer, which determination shall be conclusive), or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors or legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer or any Parent.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Available Cash**" from an Asset Disposition means cash and Cash Equivalents payments received (including any cash or Cash Equivalents payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, title and recording tax expenses, commissions and other fees and expenses incurred or accrued in connection with the Asset Disposition, and all Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock");

(b) all payments made, and all instalment payments required to be made, on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock"), or by applicable law, be repaid out of the proceeds from or in connection with such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition, or to any other Person (other than the Issuer or a Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition;

(d) brokerage commissions and other fees and expenses (including fees, discounts and expenses of legal counsel, accountants and investment banks, consultants and placement agents) of such Asset Disposition;

(e) payments of unassumed liabilities (not constituting Indebtedness) relating to the assets sold at the time of, or within 30 days after the date of, such Asset Disposition; and

(f) appropriate amounts to be provided, reserved or retained by the Issuer or any Restricted Subsidiary, as the case may be, against any adjustment in the sale price of such asset or assets or liabilities associated with such Asset Disposition and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Disposition, including pensions and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Disposition,

in each of (a) through (f), as determined by the Issuer in good faith; provided, however, that any amounts remaining after adjustments, revaluations or liquidations of such reserves shall constitute Net Available Cash.

"**Net Cash Proceeds**", with respect to any issuance or sale of any securities of the Issuer or any Subsidiary by the Issuer or any Subsidiary, or any capital contributions, means the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Obligations**" means, with respect to any Indebtedness, all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts payable pursuant to the documentation governing such Indebtedness.

"**Officer**" means the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Issuer, including any member of the management board ("*directoire*"), Rexel Group Director of Financing and Treasury ("*Directeur Financement et Tresorerie du groupe Rexel*") or Rexel Group General Counsel ("*Directeur Juridique du groupe Rexel*").

"**Officers' Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

"**Parent**" means any of Ray Investment S.à r.l., a *société à responsabilité limitée* incorporated under the laws of Luxembourg, Ray Holding SAS, a *société par actions simplifiée* incorporated under the laws of France, and any successor in interest thereto and any Other Parent, any other Person that is a Subsidiary of Ray Investment S.à r.l., Ray Holding SAS or any Other Parent and of which the Issuer is a Subsidiary and any Special Purpose Subsidiary of any Parent. As used herein, "Other Parent" means a Person of which the Issuer becomes a Subsidiary after the Issue Date, provided that either (x) immediately after the Issuer first becomes a Subsidiary of such Person, more than 50% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50% of the Voting Stock of a Parent of the Issuer immediately prior to the Issuer first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Issuer first becoming a Subsidiary of such Person.

"**Pari Passu Indebtedness**" means any Indebtedness of the Issuer or any Guarantor that ranks pari passu in right of payment with the Notes or any Guarantees, as applicable.

"**Permitted Holder**" means any of the following: (i) any of the CD&R Group, Eurazeo Group and BAML Group, (ii) any of the Management Investors and their Affiliates, (iii) any entity formed for the purpose of investing in Capital Stock of the Issuer or any Parent that is, directly or indirectly, owned and controlled by any (or any combination) of the Permitted Holders named in the other sub-clauses of this definition or any Parent (including the Parent itself, provided it is, directly or indirectly, owned and controlled by Permitted Holders named in the other sub-clauses of this definition), (iv) Caisse de Depot et Placement du Quebec and its respective Affiliates and (v) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) constitutes or results in a Change of Control in respect of which a Change of Control offer is made in accordance with the requirements of the Indenture, together with its Affiliates, shall thereafter constitute Permitted Holders.

"**Permitted Indebtedness**" has the meaning set forth in the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness."

"**Permitted Investment**" means an Investment by the Issuer or any Restricted Subsidiary in, or consisting of, any of the following:

(a) the Issuer, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person in contemplation of becoming a Restricted Subsidiary);

(b) another Person if, as a result of such Investment, such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary (and, in each case, any Investment held by such Person that was not acquired by such Person in contemplation of such merger, consolidation or transfer);

(c) cash and Cash Equivalents;

(d) receivables owing to the Issuer or any Restricted Subsidiary if created or acquired in the ordinary course of business; provided, however, that trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

(e) payroll, travel entertainment, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) loans or advances to employees, directors and officers made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary not to exceed €5 million at any time outstanding;

(g) stock, Obligations, securities or other Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments;

(h) any Person to the extent such securities or other Investment represent the consideration received for or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions to the extent permitted pursuant to the covenant described under "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock;"

(i) any Person where such Investment was acquired by the Issuer or any of its Restricted Subsidiaries (i) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (ii) as a result of a foreclosure perfection or enforcement by the Issuer or any of its Restricted Subsidiaries with respect to any Lien, secured Investment or other transfer of title with respect to any Lien or secured Investment in default;

(j) any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Issuer or any Restricted Subsidiary or pledges or deposits, otherwise described in the definition of "Permitted Liens," or made in connection with Liens permitted under the covenant described under "— Certain Covenants — Limitation on Liens;"

(k) any Person to the extent such Investments consist of Hedging Obligations otherwise permitted under the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(l) Investments by the Issuer or any Restricted Subsidiary in connection with a Receivables Financing; to the extent such Receivables Financing is in compliance with sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(m) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date;

(n) Notes and any Additional Notes;

(o) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) as consideration; and

(p) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this sub-clause (p) that are at the time outstanding not exceeding an amount equal to the greater of (x) €350 million and (y) 7.0% of Consolidated Tangible Assets; provided, that if an Investment is made pursuant to this sub-clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the terms of the Indenture, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to sub-clause (a) of this definition of "Permitted Investment" and not this sub-clause.

With respect to Investments made pursuant to sub-clause (5) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments" or sub-clause (p) of the definition of "Permitted Investment," the amount of Investments outstanding at any time pursuant to such sub-clauses shall be deemed to be reduced (without duplication of anything contained in the proviso to sub-clause (5) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments"):

(a) upon the disposition or repayment of or return on any Investment made pursuant to such sub-clause, by an amount equal to the return of capital with respect to such Investment to the Issuer or any Restricted Subsidiary (to the extent not included in the computation of the Restricted Payments Basket); and

(b) upon a redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, by an amount equal to the lesser of (x) the Fair Market Value of the Issuer's proportionate interest in such Subsidiary immediately following such redesignation, and (y) the aggregate amount of Investments in such Subsidiary that increased (and did not previously decrease) the amount of Investments outstanding pursuant to such sub-clause.

"**Permitted Liens**" means, with respect to any Person:

(a) pledges, deposits or Liens in connection with workers' compensation, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(b) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licences, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(c) Liens imposed by law, such as carriers', warehousemen's mechanics', landlord's, material men's repair men's or other like Liens, in each case for sums not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith by appropriate proceedings and to the extent required by IFRS, with respect to which appropriate reserve or other provisions have been made in respect thereof, or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with a good faith appeal or other proceedings for review and to the extent required by IFRS, with respect to which appropriate reserve or other provisions have been made in respect thereof, and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(d) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Issuer and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Issuer or a Subsidiary thereof, as the case may be, in accordance with IFRS;

(e) Liens in favour of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; provided, however, that such letters of credit do not constitute Indebtedness for borrowed money;

(f) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Issuer and its Subsidiaries, taken as a whole;

(g) Liens on property or shares of Capital Stock of another Person at the time such other Person becomes a Subsidiary of such Person; provided, however, that such Liens were not Incurred in contemplation of such acquisition and the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(h) Liens on property at the time such Person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such Person or a Subsidiary of such Person; provided, however, that such Liens were not Incurred in contemplation of such acquisition and the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(i) Liens securing Indebtedness of a Subsidiary of such Person owing to such Person or a Wholly Owned Subsidiary of such Person to the extent such Indebtedness is Incurred in compliance with sub-clause (3) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(j) Liens securing Hedging Obligations, Purchase Money Indebtedness, Capital Lease Obligations or treasury, cash pooling or other cash management arrangements or netting or setting-off arrangements, incurred in accordance with sub-clauses (8), (14) or (16) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(k) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or securing any Refinancing Indebtedness in respect of Indebtedness outstanding on the Issue Date so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(l) Liens arising out of judgments, decrees, orders or awards (not otherwise giving rise to a Default) in respect of which the Issuer shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired; leases, subleases, licenses or sublicenses to third parties;

(m) Liens created for the benefit of the Notes and/or any Guarantees;

(n) Liens securing Indebtedness or other obligations arising in respect of Receivables Financings Incurred pursuant to sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(o) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(p) any encumbrance or restriction (including, but not limited to, put and call agreements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(q) Liens securing Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(r) Liens (1) on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (2) on receivables (including related rights), (3) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (4) securing or arising by reason of any netting or set-off or cash pooling or management arrangement entered into in the ordinary course of banking or other trading activities, (5) in favour of the Issuer or any Subsidiary (other than Liens on property or assets of the Issuer in favour of any Subsidiary that is not a Guarantor), (6) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business or (7) arising by operation of law (or by agreement to the same effect) in the ordinary course of business;

(s) Liens securing Indebtedness of Restricted Subsidiaries that are not Guarantors permitted to be incurred pursuant to the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(t) other Liens securing Indebtedness not to exceed an amount equal to the greater of (x) €250 million and (y) 5.0% of Consolidated Tangible Assets in the aggregate at any time outstanding; and

(u) other Liens securing Obligations (other than Indebtedness) Incurred by the Issuer or any Restricted Subsidiary in the ordinary course of business which obligations do not exceed €25 million in the aggregate at any time outstanding.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness. For purposes of determining compliance with this definition, (x) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Issuer may, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"**Permitted Payment**" means a Restricted Payment made in compliance with the covenant described under "— Certain Covenants — Limitation on Restricted Payments."

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), including "*actions de préférence*" issued under French law, that by its terms is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**principal**" of a Note means the principal amount of the Note plus (unless the context requires otherwise) the premium, if any, payable on the Note that is due or overdue or is to become due at the relevant time.

"**Purchase Money Indebtedness**" means any Indebtedness (including Capital Lease Obligations) Incurred to finance the acquisition, leasing, construction, addition or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or asset or the acquisition of the Capital Stock of any Person owning such property or assets or otherwise.

"**Receivable**" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with IFRS.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any financing (whether or not reflected on the consolidated balance sheet of the Issuer) of Receivables of the Issuer or any Restricted Subsidiary, and, for the avoidance or doubt, may include obligations under or in respect of customary performance guarantees issued in connection therewith.

"**Refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, substitute, supplement, reissue, restate, amend, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refinance any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the

Issuer that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided that (1) if the Indebtedness being refinanced (the "**Refinanced Indebtedness**") is Subordinated Indebtedness or Guarantor Subordinated Obligations, then such Refinancing Indebtedness, by its terms, shall be subordinate in right of payment to the Notes and the Guarantees, as applicable, at least to the same extent as the Refinanced Indebtedness was so subordinate, (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Refinanced Indebtedness, plus (y) accrued and unpaid interest thereon plus (z) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness, (3) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Average Life of the Refinanced Indebtedness being repaid and (5) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to the covenant described under "— Certain Covenants — Limitation on Indebtedness" or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"**Related Business**" means any business in which the Issuer or any of its Subsidiaries was engaged on the Issue Date and any business related, incidental, ancillary or complementary to such business or extensions, developments or expansions thereof.

"**Restricted Payments**" with respect to any Person means:

(a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) (other than (i) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock), and (ii) dividends, loans, advances or distributions payable to the Issuer or any Restricted Subsidiary and in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a *pro rata* basis, measured by value);

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by the Issuer or a Restricted Subsidiary) (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof);

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Indebtedness of the Issuer or Guarantor Subordinated Obligations of any Guarantor (other than in each case Indebtedness owing from the Issuer or a Restricted Subsidiary and other than a payment of interest or principal at the Stated Maturity thereof or the purchase, redemption, defeasance or other acquisition or retirement of any such subordinated obligations purchased in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case due within one year of the date of such purchase, redemption, defeasance or other acquisition or retirement); or

(d) the making of any Investment (other than a Permitted Investment) in any Person.

"**Restricted Payments Basket**" has the meaning set forth in the covenant described under "— Certain Covenants — Limitation on Restricted Payments."

"**Restricted Subsidiary**" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Group and its successors.

"**Sale/Leaseback Transaction**" means a financing arrangement relating to property owned by the Issuer or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property to a Person and the Issuer or a Restricted Subsidiary leases it from such Person.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" has the meaning set forth in the first paragraph of this "Description of Notes."

"**Senior Credit Facilities**" means the collective reference to the Senior Facilities Agreement, any Finance Document (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee agreement, letter of credit applications and other guarantees, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structural or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Facilities Agreement or one or more other credit agreements, commercial paper programs or facilities, indentures or financing agreements or otherwise). Without limiting the generality of the foregoing, the term "Senior Credit Facilities" shall include any agreement (i) changing the maturity or interest rate or of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"**Senior Facilities Agreement**" means the revolving credit facility agreement, dated March 15, 2013, among, *inter alios*, the Issuer, the Mandated Lead Arrangers and Bookrunners (as defined therein), Crédit Agricole Corporate and Investment Bank as documentation agent, facility agent and swingline agent and the lenders party thereto from time to time, as such agreement may be amended, supplemented, waived or otherwise modified from time to time or refunded, refinanced, restructured, replaced renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original facility agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Facilities Agreement or other credit agreements or otherwise).

"**Senior Indebtedness**" means with respect to any Person:

(a) Indebtedness of such Person, whether outstanding on the Issue Date or thereafter Incurred; and

(b) all other Obligations of such Person (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Person whether or not post-filing interest is allowed in such proceeding) in respect of Indebtedness described in sub-clause (a) above,

unless, in the case of sub-clauses (a) and (b), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is expressly provided that such Indebtedness or other Obligations are subordinate in right of payment to the Notes or the Guarantee of such Person, as the case may be; provided, however, that Senior Indebtedness shall not include:

(i) any Obligation of such Person to the Issuer or any Subsidiary;

(ii) any liability for applicable federal, state, foreign, local or other taxes owed or owing by such Person;

(iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(iv) any Indebtedness or other Obligation of such Person which is expressly subordinated or junior in right of payment to any other Indebtedness or other Obligation of such Person; or

(v) that portion of any Indebtedness that at the time of Incurrence is Incurred in violation of the covenant described under "— Certain Covenants — Limitation on Indebtedness" (but no such violation shall be deemed to exist for purposes of this sub-clause (v) if any holder of such Indebtedness or such holder's representative shall have received an Officers' Certificate to the effect that such Incurrence of such Indebtedness does not (or that the Incurrence of the entire committed amount thereof at the date on which the initial borrowing thereunder is made would not) violate such covenant described under "— Certain Covenants — Limitation on Indebtedness").

"**Significant Subsidiary**" means:

(a) any Restricted Subsidiary of the Issuer which meets any of the following conditions:

(i) the Issuer's and its other Restricted Subsidiaries' investments in and advances to the Subsidiary exceed 5% of the total assets of the Issuer and its Restricted Subsidiaries consolidated as of the end of the most recently completed fiscal year;

(ii) the Issuer's and its other Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 5% of the total assets of the Issuer and its Restricted Subsidiaries consolidated as of the end of the most recently completed fiscal year; or

(iii) the Issuer's and its other Restricted Subsidiaries' share of the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the subsidiary exclusive of amounts attributable to any noncontrolling interests exceeds 5% of such income of the Issuer and its Restricted Subsidiaries consolidated for the most recently completed fiscal year; and

(b) any Restricted Subsidiary of the Issuer, which, when aggregated with all other Restricted Subsidiaries of the Issuer that are not otherwise Significant Subsidiaries and as to which any event described in sub-clauses (6) and/or (7) of the first paragraph under "— Events of Default" has occurred and is continuing, would constitute a Significant Subsidiary in accordance with the criteria set forth in (a) above.

For the avoidance of doubt, "Significant Subsidiary" shall also include any direct or indirect Subsidiary of the Issuer that owns, directly or indirectly, more than 50% of the Capital Stock or the total voting power of any other Significant Subsidiary.

"**Stated Maturity**" means, with respect to any security or indebtedness, the date specified in such security or indebtedness as the fixed date on which the payment of principal of such security or indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such security at the option of the holder thereof upon the happening of any contingency).

"**Subordinated Indebtedness**" means, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) that is expressly subordinated in right of payment to Indebtedness under the Notes pursuant to a written agreement.

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other equity interests (including partnership interests) entitled (without regard to the occurrence of any

contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

"**Taxes**" has the meaning set forth under the caption "— Taxation."

"**Unrestricted Subsidiary**" means:

(a) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below; and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary (including any newly formed or newly acquired Subsidiary) of the Issuer as an "Unrestricted Subsidiary" if (1) no Default shall have occurred and be continuing at the time of or after giving effect to such Designation and (2)(x) the Issuer would be permitted to make, at the time of such designation, (a) a Permitted Investment or (b) an Investment pursuant to the first paragraph of the covenant described under "— Certain Covenants — Limitation on Restricted Payments," in an amount equal to the Fair Market Value of the Issuer's proportionate interest in such Subsidiary on such date, (y) such designation was made at or prior to the Issue Date or (z) the Subsidiary to be so designated has total consolidated assets of €1,000 or less. Notwithstanding the foregoing, no Subsidiary shall be designated as an "Unrestricted Subsidiary" if such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Restricted Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated. The Issuer may redesignate an Unrestricted Subsidiary as a Restricted Subsidiary if (1) no Default shall have occurred and be continuing at the time of and after giving effect to such redesignation and (2) all Liens, Indebtedness and Investments of such Unrestricted Subsidiary outstanding immediately following such redesignation would, if incurred or made at such time, have been permitted to be incurred or made for all purposes of the Indenture. Any such designation or redesignation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Issuer's Board of Directors giving effect to such designation and an Officers' Certificate of the Issuer certifying that such designation or redesignation complied with the foregoing provisions.

"**US Government Securities**" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"**Voting Stock**" of an entity means (x) if such entity is not managed by a single entity, all classes of Capital Stock of the first such entity then outstanding and normally entitled to vote in the election of members of the Board of Directors or other governing body of such entity or (y) if such entity is managed by a single entity, all classes of Capital Stock of the first such entity with the ability to control the management of such entity.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and any de minimis number of shares held by other Persons to the extent required by applicable law to be held by a Person other than by its parent or a Subsidiary of its parent) is owned by the Issuer or one or more other Wholly Owned Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

General

Dollar Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Dollar Rule 144A Global Note"). Dollar Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Dollar Regulation S Global Note" and, together with the Dollar Rule 144A Global Note, the "Dollar Global Notes"). On the Issue Date, the Dollar Global Notes will be deposited with The Bank of New York Mellon as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Euro Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Euro Rule 144A Global Note"). Euro Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Euro Regulation S Global Note" and, together with the Euro Rule 144A Global Note, the "Euro Global Notes" and, together with the Dollar Global Notes, the "Global Notes"). On the Issue Date, the Euro Global Notes will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary.

Ownership of interests in the Dollar Rule 144A Global Note and the Euro Rule 144A Global Note (the "Rule 144A Book-Entry Interests") and ownership of interests in the Dollar Regulation S Global Note and the Euro Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, or persons that hold interests through such participants. DTC, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in Book-Entry form by DTC, Euroclear and Clearstream and their respective participants. The Book-Entry interests will not be held in definitive form. Instead DTC, Euroclear and Clearstream will credit on their transfer and registration systems a participants account with the interest beneficially owned by their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Global Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of DTC, Euroclear, Clearstream, as the case may be, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only in the following circumstances:

(i) in the case of a Dollar Global Note, DTC notifies us that it is unwilling or unable to continue to act as depositary for the Dollar Global Note or has ceased to be a clearing agency required under the Exchange Act and, in either case, a successor depositary is not appointed by the Issuer within 120 days;

(ii) in the case of a Euro Global Note, if either Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary for the Euro Global Note and a successor depositary is not appointed by the Issuer within 120 days; or

(iii) the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear or Clearstream following an Event of Default under the Indenture.

DTC, Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (iii), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream or us, as applicable (in accordance with its respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in "Notice to Investors", unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agents and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees, normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and/or Clearstream, as applicable.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, DTC, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream, will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than $200,000 or €100,000 principal amount, as applicable, may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the custodian or its nominee for DTC, with

respect to the Dollar Notes, and to the common depositary for Euroclear and Clearstream or its nominee, with respect to the Euro Notes, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of Notes — Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of Notes — Additional Amounts" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Notes or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the trustee will treat the registered holders of the Global Notes (e.g., the custodian for DTC, the common depositary for Euroclear or Clearstream, (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any of its agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest or for maintaining, supervising or reviewing the records of DTC, Euroclear or Clearstream, or the records of the common depositary for the Euro Global Notes, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- any other matter relating to the actions and practices of DTC, Euroclear or Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry interests held through participants are the responsibility of such participant, as is now the case with securities held for the accounts of customers registered in a "street name".

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interests to such Dollar Notes through DTC in dollars. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interests to such Euro Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, DTC, Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers between participants in DTC, Euroclear and Clearstream will be effected in accordance with DTC's, Euroclear's and Clearstream's rules, as applicable, and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of DTC, Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "Transfer Restrictions". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Transfer Restrictions".

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A Under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the respective Dollar Regulation S Global Note or Euro Regulation S Global Note, as applicable and a corresponding increase in the principal amount of the respective Dollar Rule 144A Global Note or Euro Rule 144A Global Note, as applicable.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "Description of Notes — Transfer and Exchange" and, if required, only if the transferor first delivers the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions".

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Book-Entry Interest between Dollar Regulation S Global Notes and Dollar Rule 144A Global Notes will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal Custodian system. Accordingly, in connection with any such Transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Dollar Regulation S Global Notes and a corresponding increase in the principal amount of the corresponding Dollar 144A Global Notes. The policies and practices of DTC may prohibit transfers of unrestricted Book-Entry Interests in the Dollar Regulation S Global Notes prior to the expiration of the 40 days after the date of initial issuance of the Notes. Any Book-Entry Interest in one of the Dollar Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Dollar Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Dollar Global Note and become a Book-Entry Interest in such other

Dollar Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Dollar Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning DTC, Euroclear and Clearstream

DTC

All Book-Entry Interests will be subject to the operations and procedures of DTC. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures. DTC has advised the Issuer that it is a:

- limited purpose trust company organized under New York Banking Law;
- "banking organization" under New York Banking Law;
- member of the Federal Reserve System;
- "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- "clearing agency" registered under Section I7A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association or Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC systems will receive distributions attributable to the Dollar Global Notes only through DTC participants, and

owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Euro Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in DTC will be effected in the ordinary way in accordance with DTC's rules and operating procedures, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. Although DTC, Euroclear and Clearstream currently use and follow such operations and procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the Paying Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Dollar Notes will be made in dollars and initial settlement for the Euro Notes will be made in euros. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the respective settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear or Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC, Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can he made on the desired value date.

Except for trades involving only Euroclear and Clearstream participants, interests in the Dollar Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Dollar Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC.

TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France, the Grand Duchy of Luxembourg and/or, as the case may be, the United States, as of the date of this offering memorandum and are subject to any change in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Notes. Each prospective holder or beneficial owner of Notes should consult its own tax advisor as to the European Union, French, Luxembourg or, as the case may be, U.S. tax consequences of any investment in, or ownership and disposition of, the Notes.

EU Directive on the Taxation of Savings Income

On June 3, 2003, the European Council of Economic and Finance Ministers adopted the Savings Directive. Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain types of entities established in that other Member State (the "Disclosure of Information Method").

For these purposes, the term paying agent is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, may, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or for the tax certificate procedure, withhold an amount on interest payments. The rate of such withholding tax is currently equal to 35 per cent. The transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra), providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "OECD Model Agreement") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same jurisdictions of a withholding tax on such payments at the rates defined in the Savings Directive (currently 35%) and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since July 1, 2005.

The Savings Directive was implemented into French law under Article 242 ter of the French Tax Code (*Code général des impôts*), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

The Savings Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union (EU) were implemented in Luxembourg by the Laws of June 21, 2005.

On November 13, 2008, the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of those proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

French Taxation

The following is a summary of certain French tax consequences to potential purchasers or holders of the Notes who are not French residents for French tax purposes, who are not concurrently shareholders of the Issuer and who do not hold the Notes in connection with a permanent establishment or a fixed base in France (the "Non-French Holders"). This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change or to different interpretation. This summary is for general information only and does not address all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A, III of the *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the *Code général des impôts* (a "Non-Cooperative State"), irrespective of the holder's residence for tax purposes or registered headquarters. If such payments under the Notes are made in a Non-Cooperative State, a 75% mandatory withholding tax will be due by virtue of Article 125 A, III *bis* of the *Code général des impôts* (subject to certain exceptions and to the more favorable provisions of an applicable double tax treaty). The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues will not be deductible from the taxable income of the Issuer if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be re-characterized as constructive dividends pursuant to Articles 109 et seq. of the *Code général des impôts*, in which case it may be subject to the withholding tax provided under Article 119 bis, 2 of the same Code, at a rate of 30% or 75%, subject to the more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A, III *bis* of the *Code général des impôts*, nor the non-deductibility of the interest and other revenues, nor the withholding tax set out under Article 119 bis, 2 of the same Code that may be levied as a result of such non deductibility, to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply in respect of a particular issue of debt instruments if the issuer can prove that the main purpose and effect of such issue was not to enable payments of interest or other similar revenues to be made in a Non-Cooperative State (the "Exception"). Pursuant to the guidelines of the French tax authorities published in the *Bulletin Officiel des Finances Publiques — Impôts* (BOI-RPPM-RCM-30-10-20-50-20120912, BOI-IR-DOMIC-10-20-20-60-20130121, BOI-INT-DG-20-50-20120912, BOI-ANNX-000364-20120912, and BOI-ANNX-000366-20120912), an issue of debt instruments will be deemed not to have such a purpose and effect, and accordingly will be able to benefit from the Exception if such debt instruments are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the *Code monétaire et financier* (French financial code) or pursuant to an equivalent offer in a State which is not a

Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes, which will be admitted to listing on the official list of the Luxembourg Stock Exchange, admitted to trading on the Euro MTF market, and to the clearing operations of DTC and Euroclear and Clearstream, as the case may be, will fall under the Exception. Accordingly, payments of interest and other revenues with respect to the Notes will be exempt from the withholding tax set out under Article 125 A-III of the *Code général des impôts*. In addition, they will be subject neither to the non-deductibility set out under Article 238 A of the *Code général des impôts* nor to the withholding tax set out under Article 119 bis, 2 of the same Code solely on account of their being paid to a bank account opened in a financial institution located in a Non Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

A Non-French Holder of the Notes will generally not be subject to deduction or withholding of tax imposed by France in respect of gains realized on the sale, exchange or other disposition of the Notes. In addition, no transfer taxes or similar duties are payable in France in connection with the issuance or redemption of the Notes, as well as in connection with the transfer of the Notes, except in case of filing on a voluntary basis.

Prospective investors are urged to consult their own tax advisors as to French tax considerations relating to the purchase, ownership and disposition of the Notes in light of their particular circumstances.

Luxembourg withholding tax

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg residents

A 10 per cent. withholding tax is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain non-Luxembourg residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognized in accordance with the Council Directive 2009/65/EC or for the exchange of information regime).

Only interest accrued after July 1, 2005 paid after July 1, 2006 falls within the scope of this withholding tax.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers receiving the payment in the course of the individual's private wealth.

Luxembourg non-residents

Under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called "residual entities" within the meaning of Article 4.2 of the Savings Directive (i.e., an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognized in accordance with Council Directive 2009/65/EC).

The withholding tax rate is currently 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Corporations

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) that purchase the Notes at the applicable issue price (generally the first price at which a substantial amount of the Notes of the applicable series is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering and hold such Notes as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold a Note as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a "functional currency" other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax

regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of a Note.

PERSONS CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Certain Additional Payments

The Issuer is required to pay 101% of the principal amount of any Note purchased by the Issuer at the U.S. Holder's election after a change of control, as described above under the heading "Description of Notes — Change of Control."

U.S. Treasury regulations provide special rules for contingent payment debt instruments that, if applicable, could cause the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Notes to be different from those described below. The Issuer intends to treat the possibility of its making a payment described above as not causing the Notes to be contingent payment debt instruments. The Issuer's treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which such U.S. Holder acquired its Notes. However, the Issuer's treatment is not binding on the U.S. Internal Revenue Service (the "IRS"). If the IRS were to challenge the Issuer's treatment, a U.S. Holder might be required to accrue income on the Notes in excess of stated interest and original issue discount (as described below) and to treat as ordinary income, rather than capital gain, gain recognized on the disposition of the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest

In general, interest payable on a Note will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. If the aggregate amount of payments (other than stated interest) on the Notes of any series exceeds the issue price of such Notes by more than a *de minimis* amount, such Notes will be treated as having been issued with original issue discount ("OID") for U.S. federal income tax purposes in the amount of such excess. Each U.S. Holder of a Note of such series generally

will be required to include OID in its income (as interest) as it accrues, regardless of its regular method of accounting for U.S. federal income tax purposes, using a constant yield method, before such U.S. Holder receives any payment attributable to such income.

Interest income and accrued OID on the Notes generally will be treated as income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income."

The amount of interest paid with respect to a Euro Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid translated at the spot rate of exchange on the date such payment is received by such U.S. Holder.

In the case of interest on a Euro Note held by a U.S. Holder that uses the accrual method of accounting for U.S federal income tax purposes, and in the case of OID on a Euro Note for any U.S. Holder regardless of such Holder's regular method of accounting for U.S. federal income tax purposes, such U.S. Holder is required to include in its income the U.S. dollar value of the interest income or the OID (determined in euros), as applicable, that accrued on such Note during the relevant accrual period. The U.S. dollar value of such accrued interest income or OID generally is determined by translating such interest income or OID at the average rate of exchange for such accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such interest income or OID at the spot rate of exchange on the last day of such accrual period (and in the case of a partial accrual period, the spot rate on the last day of the taxable year). If the last day of an accrual period is within five business days of receipt of the payment in respect of the related accrued interest, a U.S. Holder that has made such election may translate such accrued interest using the spot rate of exchange on the date of receipt of such payment. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. The U.S. Holder generally will recognize any foreign currency exchange gain or loss with respect to such accrued interest income or OID on the date the payment in respect of such interest income or OID is received, if there is any difference between the exchange rate used to determine the U.S. dollar amount of such interest income or OID that accrued and the exchange rate on the date such payment is received. This foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States.

A U.S. Holder generally will have a basis in euro received with respect to payments of interest on a Euro Note equal to the U.S. dollar value of such euro on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such euro by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued stated interest, which, if not previously included in such U.S. Holder's income, will be taxable as interest income to such U.S. Holder) and such U.S. Holder's "adjusted tax basis" in such Note. A U.S. Holder's "adjusted tax basis" in a Note generally will be the cost of such Note (in the case of a Euro Note, translated into U.S. dollars at the spot rate of exchange on the date of purchase (or if the Note is treated as traded on an established securities market for U.S. federal income tax purposes, the settlement date, in the case of a cash basis or electing accrual basis taxpayer)), increased by the U.S. dollar value of the amount of any OID previously included in income (including in the year of disposition) by such U.S. Holder and decreased by the U.S. dollar value of the aggregate amount of

payments (other than stated interest) on such Note previously made to such U.S. Holder. Except to the extent described below with respect to foreign currency exchange gain or loss, any gain or loss so recognized generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such Note for more than one year at the time of such sale, exchange, retirement or other disposition. Net long-term capital gain of certain non-corporate U.S. Holders is generally subject to preferential rates of tax. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be from sources within the United States.

A U.S. Holder that receives euro on the sale, exchange, retirement or other disposition of a Euro Note generally will have an amount realized equal to the U.S. dollar value of such euro translated at the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (or, if the Euro Note is treated as traded on an established securities market, on the settlement date in the case of a cash basis or electing accrual basis taxpayer). A U.S. Holder generally will realize foreign currency exchange gain or loss upon such sale, exchange, retirement or other disposition (as ordinary income or loss from sources within the United States) if there is any difference between (i) the spot rate of exchange on the date such U.S. Holder acquired such Euro Note and (ii) the spot rate of exchange on the date the payment in respect of such sale, exchange, retirement or other disposition is received or the date such Euro Note is disposed of, as applicable. Such foreign currency exchange gain or loss, together with any foreign currency exchange gain or loss realized on such disposition in respect of accrued interest or OID, generally will be realized only to the extent of the total gain or loss realized by such U.S. Holder on the sale, exchange, retirement or other disposition of the Note. Any such total gain or loss not treated as foreign currency exchange gain or loss generally will be capital gain or loss from sources within the United States.

A U.S. Holder that determines its amount realized in connection with the sale, exchange, retirement or other disposition of a Euro Note by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognize additional foreign currency exchange gain or loss upon receipt of euro from such sale, exchange, retirement or other disposition.

A U.S. Holder generally will have a basis in euro received upon a sale, exchange, retirement or other disposition of a Euro Note equal to the U.S. dollar value of such euro on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such euro by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Medicare Tax

Beginning in 2013, in addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gain from the disposition of a Note.

Information Reporting and Backup Withholding

Under certain circumstances, information reporting and/or backup withholding may apply to a U.S. Holder with respect to payments of interest and accruals of OID on, or proceeds from the sale, exchange, retirement or other disposition of, a Note, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 reporting foreign currency exchange loss arising from the Euro Notes or any amounts received with respect to the Euro Notes.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include the Notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

PLAN OF DISTRIBUTION

Under the terms and conditions contained in the purchase agreement dated March 20, 2013 (the "Purchase Agreement"), the Issuer will agree to sell (i) the Dollar Notes to be issued by it to the initial purchasers of the Dollar Notes named therein and below (the "Dollar Notes Initial Purchasers") and (ii) the Euro Notes to be issued by it to the initial purchasers of the Euro Notes named therein and below (the "Euro Notes Initial Purchasers" and, together with the Dollar Notes Initial Purchasers, the "Initial Purchasers") and, subject to certain conditions contained therein, the Dollar Notes Initial Purchasers will severally agree to purchase the Dollar Notes and the Euro Notes Initial Purchasers will severally agree to purchase the Euro Notes from the Issuer pursuant to the terms of the Purchase Agreement. Each Dollar Notes Initial Purchaser and Euro Notes Initial Purchaser party to the Purchase Agreement is obligated to purchase and accept delivery of all the Dollar Notes and Euro Notes, respectively, of the Issuer it has agreed to purchase under the Purchase Agreement if any such Dollar Notes or Euro Notes, respectively, are purchased. Neither the offering of the Dollar Notes nor the offering of the Euro Notes is contingent on the successful completion of the other.

The following table sets forth the amount of Dollar Notes due to be purchased by each Dollar Notes Initial Purchaser in the offering of the Dollar Notes:

Dollar Notes Initial Purchaser:	Principal amount of Dollar Notes to be purchased:
BNP Paribas	$ 47,500,000
J.P. Morgan Securities LLC	$ 47,450,000
Crédit Agricole Corporate and Investment Bank	$ 47,500,000
HSBC Securities (USA) Inc.	$ 47,500,000
ING Bank N.V., London Branch	$ 47,500,000
Natixis	$ 47,500,000
Société Générale	$ 47,500,000
Merrill Lynch International	$ 47,500,000
Barclays Bank PLC	$ 47,500,000
CM-CIC Securities	$ 47,500,000
BB Securities Ltd.	$ 8,350,000
Bayerische Landesbank	$ 8,350,000
Mediobanca Banca di Credito Finanziario S.p.A.	$ 8,350,000
Total	$500,000,000

The following table sets forth the amount of Euro Notes due to be purchased by each Euro Notes Initial Purchaser in the offering of the Euro Notes:

Euro Notes Initial Purchaser:	Principal amount of Euro Notes to be purchased:
BNP Paribas	€ 47,500,000
J.P. Morgan Securities plc	€ 47,450,000
Crédit Agricole Corporate and Investment Bank	€ 47,500,000
HSBC Bank plc.	€ 47,500,000
ING Bank N.V., London Branch	€ 47,500,000
Natixis	€ 47,500,000
Société Générale	€ 47,500,000
Merrill Lynch International	€ 47,500,000
Barclays Bank PLC	€ 47,500,000
CM-CIC Securities	€ 47,500,000
BB Securities Ltd.	€ 8,350,000
Bayerische Landesbank	€ 8,350,000
Mediobanca Banca di Credito Finanziario S.p.A.	€ 8,350,000
Total	€500,000,000

The Initial Purchasers for the Dollar Notes and the Euro Notes initially propose to offer the Dollar Notes and the Euro Notes, respectively, for resale at the issue price for such Notes that appears on the cover of this offering memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms without notice. The Initial Purchasers for the Dollar Notes and the Euro Notes may offer and sell the Dollar Notes and the Euro Notes through certain of their affiliates or through registered broker-dealers.

Certain of the Initial Purchasers are not broker-dealers registered with the U.S. Securities and Exchange Commission ("SEC"). These Initial Purchasers will only make offers and sales of the Notes in the United States, or to nationals or residents of the United States, through one or more registered broker-dealers in compliance with applicable securities laws and regulations and the rules of FINRA. Bayerische Landesbank and BB Securities Ltd., which do not have a broker-dealer registered with the SEC, will not be making any sales in the United States.

In the Purchase Agreement, we have agreed that:

- the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain opinions by their counsel;
- during the period from the date of the Purchase Agreement through and including the settlement date of this offering, the Issuer will not, without the prior written consent of a representative of each of the Dollar Notes Initial Purchasers and Euro Notes Initial Purchasers, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any debt securities of the Issuer similar to the Dollar Notes or the Euro Notes, as applicable, or securities exchangeable for or convertible into debt securities similar to such Notes (other than as contemplated by this offering memorandum with respect to such Notes); and
- the Issuer will indemnify each Initial Purchaser against certain liabilities, including liabilities under the Securities Act, and/or will contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. In the Purchase Agreement, each Initial Purchaser has agreed that:

- the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and
- during the initial distribution of the Notes it will offer or sell such Notes only to qualified institutional buyers in compliance with Rule 144A of the Securities Act and outside the United States to persons that are not U.S. persons in compliance with Regulation S.

In addition, until 40 days following the later of (i) the commencement of this offering and (ii) the Issue Date, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A of the Securities Act or another exemption from registration under the Securities Act. During this 40-day period, DTC will not monitor compliance by dealers with section 4(3) of the Securities Act.

The Dollar Notes and the Euro Notes are new issues of securities, and there is currently no established trading market for either such series of Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions". We do not intend to apply for the Notes to be listed on any securities exchange other than the Official List of the Luxembourg Stock Exchange or to arrange for the Notes to be quoted on any quotation system. The Issuer expects to apply, through its listing agent, to have the Dollar Notes and the Euro Notes listed on the Official List of the Luxembourg Stock Exchange and to admit the Dollar Notes and the Euro Notes to trading on the Euro MTF market. Neither the Initial Purchasers nor the Issuer can assure that either the Dollar Notes or the Euro Notes will be approved for admission to listing and trading, and will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Euro MTF market. Accordingly, we cannot assure you that a liquid trading market will develop for your Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. See "Risk Factors — Risks Related to the Notes — There currently exists no market for either the Dollar Notes or the Euro Notes, and Rexel cannot assure you that such an active trading market for either the Dollar Notes or the Euro Notes will develop."

In connection with the issue of the Notes, J.P. Morgan Securities LLC (with respect to the Dollar Notes) and BNP Paribas (with respect to the Euro Notes) may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate-covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate-covering transactions, they may discontinue them at any time.

The Issuer expects that delivery of the Dollar Notes will be made against payment on the respective Dollar Notes on or about April 3, 2013, which will be 9 business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act and taking into account any banking holidays in New York City) following the date of pricing of the Notes (this settlement cycle is being referred to as

"T+9"). The Issuer expects that delivery of the Euro Notes will be made against payment on the respective Euro Notes on or about April 3, 2013, which will be 8 business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act and taking into account any banking holidays in London and Luxembourg) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+8"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

General

(a) Each Initial Purchaser has represented and warranted that no action has been or will be taken in any jurisdiction by such Initial Purchaser that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

(b) Each Initial Purchaser has also agreed to comply with the following selling restrictions:

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined by Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In the United States, the offering of the Notes is being made only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act). Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

In connection with sales outside the United States, each Initial Purchaser has agreed that, except as permitted by the purchase agreement and set forth in "Transfer Restrictions," it will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering of the Notes and the closing date of this offering of the Notes, and it will have sent to each dealer to which it sells Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

United Kingdom

Each of the Initial Purchasers has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

EEA

Each of the Initial Purchasers has acknowledged that this offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in member states ("Member States") of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we, nor the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

Each of the Initial Purchasers has acknowledged that with respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no measure has or will be taken in view of permitting an offer to the public of the Notes entailing the need for the publication of a prospectus in any Relevant Member State. Accordingly, the Notes may be offered in Relevant Member States only:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or

(c) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Notes to the public" in relation to any Notes in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as this definition be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means directive 2010/73/EU.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive.

France

Each of the Initial Purchasers has acknowledged that this offering memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this offering memorandum or any other offering material relating to the Notes have not been and will not be filed with the French *Autorité des Marchés Financiers* (the "AMF") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the AMF or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the AMF; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this offering memorandum and any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed, directly or indirectly, to the public in France; offers, sales and distributions of the Notes have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account or a closed circle of investors (*cercle restreint d'investisseurs*), acting for its own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Australia and Japan

Each of the Initial Purchasers has acknowledged that the Notes may not be offered, sold or purchased in Australia or Japan.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, certain of the Joint Lead Managers or their affiliates are parties to the Senior Facilities Agreement and certain of our securitization programs.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined by Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Notes are being offered and sold by the Initial Purchasers for the Dollar Notes and the Euro Notes only (1) in the United States, to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A or (2) outside the United States, in offshore transactions to persons that are not U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). Investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Notes. The Dollar Notes and the Euro Notes are subject to restrictions on transfer as summarized below. By purchasing the Dollar Notes or the Euro Notes, as applicable, you will be deemed to have made the following acknowledgments, representations to and agreements with us and the Initial Purchasers of the Dollar Notes or the Euro Notes, as applicable:

(1) You acknowledge that:

- the Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer, that you are not acting on the Issuer's behalf and that either:

- you are a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers for the Dollar Notes and the Euro Notes are selling the Dollar Notes or the Euro Notes, as applicable, to you in reliance on Rule 144A; or
- you are a person that, at the time the buy order for the Dollar Notes or the Euro Notes, as applicable, was originated, was outside the United States and was not a U.S. person (and was not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S.

(3) You acknowledge that neither the Issuer nor the Initial Purchasers for the Dollar Notes or the Euro Notes, as applicable, nor any person representing the Issuer or the Initial Purchasers for the Dollar Notes or the Euro Notes, as applicable, has made any representation to you with respect to the Issuer, or the offering of such Notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to such Notes. You agree that you have had access to such financial and other information concerning the Issuer and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions to and request information from the Issuer and the Initial Purchasers for the Dollar Notes or the Euro Notes, as applicable.

(4) You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution of the Notes in

violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of the Rule 144A Global Notes) or 40 days (in the case of the Regulation S Global Notes) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only:

(a) to the Issuer or any subsidiary thereof;

(b) pursuant to a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act;

(d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.

(5) You also acknowledge that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IT IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS, IN THE CASE OF RULE 144A NOTES: ONE YEAR, AND IN THE CASE OF REGULATION S NOTES: 40 DAYS, AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY

PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ITS ACQUISITION OR ACCEPTANCE HEREOF OR ANY INTEREST HEREIN, THE HOLDER HEREOF OR OF SUCH INTEREST REPRESENTS THAT EITHER (A) NO ASSETS OF (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (IV) A FOREIGN, GOVERNMENTAL OR CHURCH PLAN THAT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, OR FOREIGN LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), HAVE BEEN USED TO PURCHASE THIS SECURITY OR ANY INTEREST HEREIN, OR (B) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY OR ANY INTEREST HEREIN BY THE HOLDER SHALL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY PROVISION OF SIMILAR LAW, AS APPLICABLE.

(6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on transfer of such Notes.

(7) You represent and warrant that either (a) no assets of (i) an employee benefit plan subject to Title I of ERISA, (ii) a plan described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), (iii) an entity whose underlying assets are deemed to include assets of any such employee benefit plan or plan, or (iv) a foreign, governmental or church plan that is subject to U.S. Federal, state, local or foreign law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law") have been used to purchase such Note or any interest therein; or (b) the purchase and holding of such Note or any interest therein shall not constitute or result in a nonexempt

prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law, as applicable.

(8) You acknowledge that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a global note (in each case other than pursuant to an effective registration statement) the holder of Notes or the holder of beneficial interests in a global note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the indenture governing the Notes.

(9) You acknowledge that we, the Initial Purchasers for the Dollar Notes or the Euro Notes, as applicable, and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers for the Dollar Notes or the Euro Notes, as applicable. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

BENEFIT PLAN INVESTOR CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The Employee Retirement Income Security Act of 1974, as amended (''ERISA''), and Section 4975 of the Internal Revenue Code of 1986, (the ''Code''), impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include ''plan assets'' by reason of any such plan's or arrangement's investment therein (we refer to the foregoing collectively as ''Plans'') and (d) persons who are fiduciaries with respect to Plans. Under ERISA and the Code, any person who exercises any discretionary authority or control on the administration of a Plan or the management or disposition of the assets of such a Plan, or who renders investment advice for a fee or other compensation to such Plan, is generally considered to be a fiduciary of the Plan. In addition, certain governmental, church and non-U.S. plans (''Non-ERISA Arrangements'') are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other laws that are substantially similar to those provisions (each, a ''Similar Law'').

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, i.e., ''parties in interest'' as defined in Section 3(14) of ERISA or ''disqualified persons'' as defined in Section 4975 of the Code (we refer to the foregoing collectively as ''parties in interest'') unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. We, and our current and future affiliates, may be parties in interest with respect to Plans. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between us and an investing Plan which would be prohibited if we are a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the Notes, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). There can be no assurance that any of these class exemptions or other exemptions will be available with respect to transactions involving the Notes.

Each acquirer or holder of a Note, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such Notes, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding the Notes on behalf of or with the assets of any Plan or Non-ERISA arrangement; or (ii) its

purchase, holding and subsequent disposition of such Notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes.

Each purchaser of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange for the Dollar Notes and the Euro Notes to be admitted to listing on the Official List and to be admitted to trading on the Euro MTF market in accordance with the rules of that exchange. Notice of any optional redemption, change of control, or change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

For so long as the Notes are listed on the Euro MTF market and the rules of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of Rexel;
- Rexel's most recent audited consolidated financial statements and any interim financial statements published by Rexel; and
- the indenture.

Rexel will maintain a Paying and Transfer Agent in Luxembourg for as long as any of the Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange. The current paying and transfer agent is The Bank of New York Mellon (Luxembourg) S.A. Rexel reserves the right to vary such appointment and will publish notice of such change of appointment in a newspaper having a general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxembourger Wort*) or on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

Clearing Information

The Notes have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream, as applicable.

The International Securities Identification Number (ISIN) for the Dollar Notes sold pursuant to Regulation S is USF75549 AC34 and the ISIN for the Dollar Notes sold pursuant to Rule 144A is US761679 AC37. The CUSIP number for the Dollar Notes sold pursuant to Regulation S is F75549 AC3 and the CUSIP number for the Dollar Notes sold pursuant to Rule 144A is 761679 AC3. The Common Code for the Dollar Notes sold pursuant to Regulation S is 086528029 and the Common Code for the Dollar Notes sold pursuant to Rule 144A is 086528053.

The International Securities Identification Number (ISIN) for the Euro Notes sold pursuant to Regulation S is XS0908821639 and the ISIN for the Euro Notes sold pursuant to Rule 144A is XS0908821985. The common code for the Euro Notes sold pursuant to Regulation S is 090882163 and the common code for the Euro Notes sold pursuant to Rule 144A is 090882198.

Legal Information

The Issuer

Rexel, the Issuer, is a public company with limited liability (*société anonyme*), with a Management Board (*Directoire*) and Supervisory Board (*Conseil de surveillance*), incorporated under the laws of the Republic of France with a share capital of €1,359,616,145. Rexel was incorporated on December 16, 2004 for a term of 99 years expiring on December 16, 2103, except if the term is extended or if the company is subject to early dissolution. Rexel's ordinary shares are listed for trading on Euronext Paris.

Rexel's registered office is located at 189-193, boulevard Malesherbes, 75017 Paris, France and it is registered with the *Registre du commerce et des sociétés* of Paris under number 479 973 513. Rexel's telephone number is +33 (0)1 42 85 85 00.

Rexel's corporate 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 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.

Rexel's financial year runs from January 1st to December 31.

The creation and issuance of the Notes was authorized by resolutions of the Issuer's Supervisory Board taken on February 11, 2013 and resolutions of the Issuer's Management Board taken on February 5, 2013.

For a description of Rexel's material indebtedness as of December 31, 2012, see the section entitled "Description of Certain Indebtedness" in this offering memorandum.

Litigation

Except as disclosed in this offering memorandum, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this offering memorandum which may have, or have had in the recent past, significant effects on the financial position, profitability or prospects of the Issuer and/or the Group.

Significant Change

Except as disclosed in this offering memorandum, there has been no significant change in the financial or trading position of the Issuer or the Group and there has been no material adverse change in the prospects of the Issuer or the Group since December 31, 2012.

Material Contracts

Except as disclosed in this offering memorandum, there are, at the date of this offering memorandum, no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to noteholders in respect of the Notes being issued.

Conflicts of Interest

Except as disclosed in this offering memorandum, there are, at the date of this offering memorandum, no conflicts of interest which are material to the issue of the Notes between the duties of the members of the Supervisory Board and of the Management Board of the Issuer and their private interests and/or their other duties.

Persons Having an Interest Material to the Issue

Save as disclosed in “Plan of Distribution”, to the knowledge of the Issuer, no person involved in the issue of the Notes has an interest material to the issue.

Yield of the Notes

The yield of the Dollar Notes is 5.250% per year and the yield of the Euro Notes is 5.125% per year. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

Trustee

The Trustee under the Indenture is The Bank of New York Mellon.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for Rexel by Debevoise & Plimpton LLP as to matters of U.S. and French law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Initial Purchasers by Cleary Gottlieb Steen & Hamilton LLP as to matters of U.S. and French law.

INDEPENDENT AUDITORS

Our independent statutory auditors are Ernst & Young Audit and PricewaterhouseCoopers Audit. The address of Ernst & Young Audit is 1/2, place des Saisons TSA 14444 92037 Paris La Défense Cedex, France. The address of PricewaterhouseCoopers Audit is 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France (both entities are members of the *Compagnie régionale des Commissaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorized as *Commissaires aux Comptes*). Our consolidated financial statements as and for the year ended December 31, 2011 prepared in accordance with IFRS as adopted by the European Union, an English translation of which is included in this offering memorandum, have been audited in accordance with professional standards applicable in France by Ernst & Young Audit and KPMG Audit, as stated in their unqualified audit reports, a free English translation of which is included elsewhere herein. Our consolidated financial statements as and for the years ended December 31, 2012 prepared in accordance with IFRS as adopted by the European Union, an English translation of which is included in this offering memorandum, have been audited in accordance with professional standards applicable in France by Ernst & Young Audit and PricewaterhouseCoopers Audit, as stated in their unqualified audit reports, a free English translation of which is included elsewhere herein.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Audited consolidated financial statements of Rexel for the financial years ended December 31, 2012 and 2011	
Independent auditors' report for the year ended December 31, 2012	F-2
Independent auditors' report for the year ended December 31, 2011	F-4
Audited consolidated financial statements of Rexel for the financial year ended December 31, 2012	F-6
Audited consolidated financial statements of Rexel for the financial year ended December 31, 2011	F-85

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie — Paris La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Year ended December 31, 2012

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2012, on:

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

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2012 and of the results of its

operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 2.2.1 to the consolidated financial statements which sets out the change in accounting policy related to the early adoption of the amendment to IAS 19 "Employee Benefits".

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

– goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, according to the accounting policies and principles described in notes 2.8 and 10.1 to the consolidated financial statements. We have examined the terms and conditions for implementing these tests, as well as the data and assumptions used. We have also verified that the information disclosed in notes 7.2 and 10.1 to the consolidated financial statements is appropriate, especially regarding the sensitivity analysis;

– the Group has booked provisions relating to post-employment and other long-term benefits according to the accounting policies and terms and conditions described in note 2.14 to the consolidated financial statements. The related obligations were assessed with the assistance of external actuaries. Our work consisted in examining the data used, assessing the chosen assumptions and verifying that the information disclosed in notes 2.2.1 and 19 to the consolidated financial statements is appropriate;

– the Group also makes estimates in respect of the measurement of financial instruments (notes 2.10.4 and 21), share-based payments (notes 2.15 and 16), provisions and contingent liabilities (notes 2.16, 18 and 25) and deferred taxes (notes 2.20 and 9). Our work consisted in examining the data and assumptions used as well as the procedure implemented by management to approve these estimates. We have also reviewed, using sampling techniques, the calculations made by the group and verified that the information disclosed in the notes to the consolidated financial statements is appropriate.

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

III. Specific verification

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

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

Neuilly-sur-Seine and Paris-La Défense, February 11, 2013

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Pierre Bourgeois

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex

ERNST & YOUNG Audit
1, place des Saisons
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Rexel S.A.
Registered office: 189-193 boulevard Malesherbes — 75017 Paris
Share capital: €1,301,064,980

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and your annual general meeting, we hereby report to you, for the year ended December 31, 2011 on:

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

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

1. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters.

As disclosed in note 2.2 to the consolidated financial statements, the Group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (notes 2.10.4 and 20), goodwill and intangible assets (notes 2.5, 2.8 and 10.1), employees' benefits (notes 2.14 and 18), share-based payments (notes 2.15 and 15), provisions and contingent liabilities (notes 2.16, 17 and 24) and deferred taxation (notes 2.20 and 9). We have examined the data and assumptions used as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the Group and verified that the notes to the consolidated financial statements provide appropriate disclosure.

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

3. Specific verification

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

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

Paris La Défense, February 9, 2012

The statutory auditors

French original signed by

KPMG Audit
A division of KPMG S.A.

Hervé Chopin
Partner

Ernst & Young Audit

Pierre Bourgeois
Partner

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Note	For the year ended December 31, 2012	For the year ended December 31, 2011[(1)]
Sales	*4*	13,449.2	12,717.1
Cost of goods sold		(10,134.2)	(9,599.6)
Gross profit		**3,315.0**	**3,117.5**
Distribution and administrative expenses	*5*	(2,560.9)	(2,410.9)
Operating income before other income and expenses		**754.1**	**706.6**
Other income	*7*	15.9	39.6
Other expenses	*7*	(122.6)	(146.6)
Operating income		**647.4**	**599.6**
Financial income		2.3	4.3
Interest expense on borrowings		(178.8)	(183.2)
Other financial expenses		(23.7)	(18.2)
Net financial expenses	*8*	***(200.1)***	***(197.1)***
Share of profit / (loss) of associates		3.1	2.8
Net income before income tax		**450.3**	**405.3**
Income tax	*9*	(131.7)	(89.3)
Net income		**318.6**	**316.0**
Portion attributable:			
to the Group		318.1	315.3
to non-controlling interests		0.5	0.7
Earnings per share:			
Basic earnings per share (in euros)	15	1.18	1.18
Fully diluted earnings per share (in euros)	15	1.17	1.17

(1) Restated for changes in accounting policies following the early adoption of revised IAS 19 (see note 2.2.1).

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	For the year ended December 31, 2012	2011[1]
Net income	**318.6**	**316.0**
Items to be reclassified to profit and loss:		
Net gain / (loss) on net investment in foreign subsidiaries	10.5	(14.1)
Income tax	(2.5)	4.0
	8.0	(10.1)
Foreign currency translation	0.6	17.8
Net gain / (loss) on cash flow hedges	3.9	20.3
Income tax	(0.9)	(6.9)
	2.8	13.5
Items not to be reclassified to profit and loss:		
Remeasurements of net defined benefit liability	(133.8)	(50.8)
Income tax	22.6	13.0
	(111.1)	(37.8)
Other comprehensive income/(loss) for the period, net of tax	*(99.7)*	*(16.6)*
Total comprehensive income for the period, net of tax	**218.9**	**299.4**
Portion attributable:		
to the Group	*218.4*	*297.8*
to non-controlling interests	*0.5*	*1.6*

(1) Restated for changes in accounting policies following the early adoption of revised IAS 19 (see note 2.2.1).

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

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	As of December 31, 2012	As of December 31, 2011[1]	As of January 1, 2011[1]
Assets				
Goodwill	*10.1*	4,369.2	4,002.2	3,931.2
Intangible assets	*10.1*	1,035.8	935.7	934.4
Property, plant and equipment	*10.2*	282.7	261.7	245.4
Long-term investments	*10.3*	79.5	97.1	132.1
Investments in associates	*10.4*	10.8	11.8	9.3
Deferred tax assets	*9.2*	171.9	153.4	155.6
Total non-current assets		**5,949.9**	**5,461.9**	**5,408.0**
Inventories	*11.1*	1,426.7	1,240.8	1,203.1
Trade accounts receivable	*11.2*	2,123.9	2,122.9	2,022.0
Current tax assets		26.1	21.0	29.7
Other accounts receivable	*11.3*	476.4	455.2	406.4
Assets held for sale	*12*	21.2	3.7	23.1
Cash and cash equivalents	*13*	291.9	413.7	311.9
Total current assets		**4,366.2**	**4,257.3**	**3,996.2**
Total assets		**10,316.1**	**9,719.2**	**9,404.2**
Equity				
Share capital	*15*	1,359.6	1,344.1	1,301.0
Share premium	*15*	1,418.3	1,412.2	1,383.7
Reserves and retained earnings		1,331.4	1,274.1	1,074.6
Total equity attributable to equity holders		**4,109.3**	**4,030.4**	**3,759.3**
Non-controlling interests		8.3	11.5	9.3
Total equity		**4,117.6**	**4,041.9**	**3,768.6**
Liabilities				
Interest bearing debt (non-current part)	*20.1*	2,303.2	2,182.3	2,463.5
Employee benefits	*19*	372.9	280.4	257.2
Deferred tax liabilities	*9.2*	152.3	111.3	144.5
Provision and other non-current liabilities	*18*	101.8	157.6	156.3
Total non-current liabilities		**2,930.1**	**2,731.6**	**3,021.5**
Interest bearing debt (current part)	*20.1*	618.3	323.5	116.8
Accrued interest	*20.1*	9.3	10.0	5.2
Trade accounts payable		1,937.2	1,903.3	1,866.2
Income tax payable		42.6	56.0	39.8
Other current liabilities	*22*	661.1	652.9	584.1
Liabilities related to assets held for sale		—	—	2.0
Total current liabilities		**3,268.5**	**2,945.7**	**2,614.1**
Total liabilities		**6,198.6**	**5,677.3**	**5,635.6**
Total equity and liabilities		**10,316.1**	**9,719.2**	**9,404.2**

(1) Restated for changes in accounting policies following the early adoption of revised IAS 19 (see note 2.2.1).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	For the year ended December 31, 2012	2011[1]
Cash flows from operating activities			
Operating income		647.4	599.6
Depreciation, amortization and impairment of assets	***5-7***	133.7	176.1
Employee benefits		(37.3)	(22.5)
Change in other provisions		(17.4)	1.7
Other non-cash operating items		22.1	(15.6)
Interest paid		(169.7)	(155.4)
Income tax paid		(143.4)	(85.9)
Operating cash flows before change in working capital requirements		***435.4***	***498.0***
Change in inventories		(76.8)	(27.5)
Change in trade receivables		113.7	(68.4)
Change in trade payables		(55.5)	12.9
Changes in other working capital items		(18.6)	13.1
Change in working capital requirements		***(37.2)***	***(69.9)***
Net cash from operating activities		**398.2**	**428.1**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(90.9)	(94.8)
Proceeds from disposal of tangible and intangible assets		7.1	26.4
Acquisition of subsidiaries, net of cash acquired	***3.1***	(595.6)	(100.5)
Proceeds from disposal of subsidiaries, net of cash disposed of		—	44.8
Change in long-term investments		0.4	(0.6)
Dividends received from associates		3.8	0.6
Net cash from investing activities		**(675.2)**	**(124.1)**
Cash flows from financing activities			
Issuance of capital	***15***	2.9	2.4
Contribution received from minority shareholders		—	0.8
Disposal/(Purchase) of treasury shares		(1.5)	(30.8)
Acquisition of non-controlling interests	***3.2***	(22.2)	—
Issuance of senior notes net of transaction costs	***20.2***	366.2	—
Buy-out of senior notes	***20.2***	(69.1)	—
Net change in credit facilities and other financial borrowings	***20.2***	(6.4)	(122.8)
Net change in securitization	***20.2***	14.8	(5.0)
Net change in finance lease liabilities	***20.2***	9.4	16.5
Dividends paid	***15.1***	(143.0)	(19.2)
Net cash from financing activities		**151.1**	**(158.1)**
Net (decrease)/increase in cash and cash equivalents		**(125.9)**	**145.9**
Cash and cash equivalents at the beginning of the period		413.7	311.9
Effect of exchange rate changes on cash and cash equivalents		4.1	(44.1)
Cash and cash equivalents at the end of the period		**291.9**	**413.7**

(1) Restated for changes in accounting policies following the early adoption of revised IAS 19 (see note 2.2.1).

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Note	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability	Total attributable to the Group	Non-controlling interests	Total
For the year ended December 31, 2011										
At January 1, 2011 (as reported)		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**—**	**3,825.1**	**9.3**	**3,834.4**
Effect of changes in accounting policies following the early adoption of revised IAS 19		—	—	(65.8)	—	—	—	(65.8)	—	(65.8)
At January 1, 2011[1]		**1,301.0**	**1,383.7**	**971.0**	**122.9**	**(19.3)**	**—**	**3,759.3**	**9.3**	**3,768.6**
Net income		—	—	315.3	—	—	—	315.3	0.7	316.0
Other comprehensive income		—	—	—	6.8	13.5	(37.8)	(17.5)	0.9	(16.6)
Total comprehensive income for the period		**—**	**—**	**315.3**	**6.8**	**13.5**	**(37.8)**	**297.8**	**1.6**	**299.4**
Appropriation of net income	15.1	—	—	(105.2)	—	—	—	(105.2)	(0.2)	(105.4)
Share capital increase	15.1	43.1	28.5	17.0	—	—	—	88.6	0.8	89.4
Share based payments[2]		—	—	19.6	—	—	—	19.6	—	19.6
Disposal (Purchase) of treasury shares		—	—	(29.7)	—	—	—	(29.7)	—	(29.7)
At December 31, 2011[1]		**1,344.1**	**1,412.2**	**1,188.0**	**129.7**	**(5.8)**	**(37.8)**	**4,030.4**	**11.5**	**4,041.9**
For the year ended December 31, 2012										
At January 1, 2012		**1,344.1**	**1,412.2**	**1,188.0**	**129.7**	**(5.8)**	**(37.8)**	**4,030.4**	**11.5**	**4,041.9**
Net income		—	—	318.1	—	—	—	318.1	0.5	318.6
Other comprehensive income		—	—	—	8.6	2.8	(111.1)	(99.7)	—	(99.7)
Total comprehensive income for the period		**—**	**—**	**318.1**	**8.6**	**2.8**	**(111.1)**	**218.4**	**0.5**	**218.9**
Appropriation of net income	15.1	—	—	(173.5)	—	—	—	(173.5)	—	(173.5)
Share capital increase	15.1	15.5	6.1	11.8	—	—	—	33.4	—	33.4
Share based payments[2]		—	—	21.0	—	—	—	21.0	—	21.0
Disposal (Purchase) of treasury shares		—	—	(2.0)	—	—	—	(2.0)	—	(2.0)
Acquisition of non-controlling interests	3.2	—	—	(18.9)	0.5	—	—	(18.4)	(3.7)	(22.1)
At December 31, 2012		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**

(1) Restated for changes in accounting policies following the early adoption of revised IAS 19 (see note 2.2.1).

(2) of which €19.9 million (€17.2 million in 2011) free shares expense (see note 16) and €1.1 million relating to the tax effect of free shares granted in the United States (€2.4 million in 2011)

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

ACCOMPANYING NOTES

1. GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as "the Group" or "Rexel").

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (mainly Brazil and Chile).

These consolidated financial statements cover the period from January 1 to December 31, 2012, and were authorized for issue by the Management Board on February 5, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The consolidated financial statements (hereafter referred to as "the financial statements") for the period ending December 31, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force as at December 31, 2012.

IFRS as adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 Basis of Preparation

The financial statements as at December 31, 2012 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

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

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

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

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

— Business combinations (notes 2.5 and 3)

— Impairment of intangible assets and goodwill (notes 2.5, 2.8, and 10.1)

— Employee benefits (notes 2.14 and 19)

— Provisions and contingent liabilities (notes 2.16, 18, and 25)

— Measurement of financial instruments (notes 2.10.4 and 21)

— Recognition of deferred tax assets (notes 2.20 and 9)

— Measurement of share-based payments (notes 2.15 and 16)

2.2.1 Changes in accounting policies and amended standards and interpretations

Changes in accounting policies

IAS 19 Employee Benefits

The Group early adopted the amendment to IAS 19 "Employee benefits", endorsed by the EU on June 6th, 2012 and which application is compulsory as from January 1st, 2013. This amendment improves information on the Group's financial situation, in particular the presentation in the financial statements of the surplus or deficit of pension funds.

This amendment to IAS 19 "Employee Benefits":

— eliminates the previous option to defer the recognition of actuarial gains and losses, under the "corridor method",

— removes the concept of expected returns on plan assets,

— changes the recognition method of past service costs which are no longer expensed on a straight-line basis over the average period until the benefits become vested,

— requires to recognize administration costs other than those associated with the management of plan assets in profit and loss when the services are rendered and removes the option to include such costs in the calculation of the return on plan assets or in the defined benefit obligation,

— updates the presentation of changes in assets and liabilities arising from defined benefit plans, including a requirement to present the remeasurements in other comprehensive income (OCI), and

— increases the disclosure requirements for defined benefit plans, including the disclosure of information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The Group adopted this amendment as of June 30, 2012. Accounting policy changes have been applied retrospectively in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in the restatement of prior year financial information.

As a result of the voluntary early adoption of the amendment to IAS 19, the following adjustments were made to the financial statements:

(in millions of euros)	As of Jan. 1, 2011[1]	As of Dec. 31, 2011[1]
Net increase in employee benefit liabilities	(82.8)	(139.6)
Net increase in deferred tax assets	17.0	30.7
Net decrease in shareholders' equity	**(65.8)**	**(108.9)**
Net income / (expense) recognized in other comprehensive income	—	(37.8)
Decrease in distribution and administrative expenses	—	2.7
Increase in financial expenses	—	(6.0)
Deferred tax income	—	0.3
Decrease in net income	**—**	**(3.0)**
Basic earning per share	—	(0.02)
Fully diluted earnings per share	—	(0.01)

(1) Unrecognised actuarial gains and losses adjusted for Canadian changes in plan asset value due to variances between estimated and actual values as of December 31, 2010 and for revised discount rate in the United Kingdom as of December 31, 2011.

Amended standards and interpretations

In 2012, the Group has applied the following new amendments, standards and interpretations previously endorsed by the European Union:

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

— Amendment to IFRS 7 "Transfers of Financial Assets" increases the required disclosures on the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, but its application had no impact on the Group's financial statements.

The European Union also endorsed the following amendments which are not applicable to the Group and therefore had no impact on the Group's financial position and performance:

— Amendment to IAS 12 Income tax — Deferred taxes : Recovery of Underlying Assets which clarifies the determination of deferred tax on investment property measured at fair value under the model of IAS 40.

— Amendment to IFRS 1 First-Time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters which provides guidance on how to present IFRS financial statements when functional currency ceases to be subject to hyperinflation.

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

The standards and interpretations that are issued and endorsed by the European Union, but not yet effective are disclosed below.

— IFRS 10 “Consolidated Financial Statements” provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation — Special Purpose Entities”.

— IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.

— IFRS 12 “Disclosures of Interests in Other Entities” combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The application of IFRS 10, 11 and 12 is compulsory for fiscal years starting on January 1st, 2014 with earlier application permitted and would not have any significant impact on the Group’s financial performance. In addition, following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised as follows:

— IAS 27 “Separate Financial Statements” now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and

— IAS 28 “Investments in Associates and Joint Ventures” prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

— IFRS 13 “Fair Value Measurement” defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. IFRS 13 is applicable for fiscal years starting on January 1st, 2013.

— Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities” clarifies the requirement for offsetting financial instruments and is applicable for fiscal years starting on January 1st, 2013.

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

The following standards and interpretations issued by IASB are not yet approved by the European Union. Except if otherwise noted, the potential impact is currently under review by the Group.

— IFRS 9 “Financial Instruments” aims at replacing IAS 39 “Financial Instruments — Recognition and Measurement”. It is a 3-phase project where only phase 1, “Classification and Measurement” was issued. Phase 2, “Impairment Methodolodgy”, and phase 3 “Hedge Accounting”, have not been issued yet. The endorsement process by the UE has been placed on hold, pending the completion of the whole project by the IASB.

— Amendment to IFRS 7 “Disclosures — Offsetting Financial Assets and Financial Liabilities” increases disclosures requirements to improve comparability with US GAAP with regard to the set-off of financial instruments.

— Amendment to IFRS 9 and IFRS 7 “Mandatory Effective Date and Transition Disclosures” postpones the mandatory application date of IFRS to January 1, 2015 and modifies the requirements on transition disclosures.

— Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance” : the amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The amendments also provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

— Amendments to IFRS 10, IAS 27 and IFRS 12: Investment Entities: the amendments provide an exception to the consolidation requirement in IFRS 10 “Consolidated Financial Statements” for investment entities and require these to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. Investment entities are defined as entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

In addition, in 2012, IASB issued an omnibus of improvements to IFRS, applicable on or after Jan 1, 2013, including:

— Amendments to IFRS 10, 11 and 12 giving additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period,

— Amendment to IAS 1, clarifying the requirements for comparative information,

— Amendment to IAS 16 clarifying the classification of servicing equipment,

— Amendment to IAS 32 clarifying the accounting for the tax effect of distributions to holders of equity instruments, and

— Amendment to IAS 34, clarifying the requirement for segment information on total assets and liabilities in interim financial reporting.

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2012. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, present and potential exercisable voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. The financial statements for subsidiaries are prepared for the period corresponding to that for the presentation of the Group’s consolidated financial statements using consistent accounting policies. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated in preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

— Derecognizes the assets (including goodwill) and liabilities of the subsidiary

— Derecognizes the carrying amount of any non-controlling interests

— Reclassifies the foreign currency translation into the net income

— Recognizes the fair value of the consideration received

— Recognizes the fair value of any investment retained

— Recognizes any benefit or deficit in profit or loss

— Reclassifies components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.4 Foreign Currency Translation

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

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

Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied (see note 2.10.5). Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign Operations

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

Net Investment in Foreign Operations

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

Hedge of Net Investment in Foreign Operations

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

2.5 Intangible Assets

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date as the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

Any contingent considerations are recognized at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classified as assets or liabilities are recorded in the income statement.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment and as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.8).

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

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.8).

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

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

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 1.0% of sales depending on each country.

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

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition ranging from 5 to 15 years.

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

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 5 to 10 years.

2.6 Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.8).

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

Leased Assets

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

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.8). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

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

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

Depreciation

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

Land is not depreciated.

The estimated useful lives are as follows:

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

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

2.7 Investments in Associates

Investments in entities over which the Group has a significant influence are accounted for using the equity method.

Interests in associates are initially carried at cost which includes transaction costs.

The consolidated financial statements include the Group's share in the results of operations and other components of the comprehensive income, after taking into account adjustments for homogenization with the Group's accounting policies.

When the Group's share in the losses is greater than the value of their interest in the associate, the carrying amount is reduced to zero and the Group ceases to account for its share in future losses, unless the Group has an obligation to share in the losses.

2.8 Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.9), trade, and other accounts receivable (see note 2.10.3), and deferred tax assets (see note 2.20), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

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

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

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

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

Calculation of the Recoverable Amount

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

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

Reversal of Impairment Losses

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

Impairment losses in respect of goodwill may not be reversed.

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

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

2.9 Inventories

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

2.10 Financial assets

2.10.1 Long-term investments

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

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

2.10.2 Held for trading instruments

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

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

2.10.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 2.13) less impairment losses.

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

2.10.4 Derivative financial instruments

Derivative financial instruments that qualify for hedge accounting according to IAS 39 are classified as hedges. The derivative financial instruments that do not qualify for hedge accounting,

although set up for the purpose of managing risk (the Group's policy does not authorize speculative transactions), are designated as and accounted for as trading instruments.

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.10.5). They are classified as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

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

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

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 14) and the summary of financial liabilities (note 22).

2.10.5 Hedge accounting

Cash flow hedges

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

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

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain (loss) at that point is retained in cash flow hedge reserve and is recognized in

accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

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

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

Hedge of monetary assets and liabilities denominated in foreign currency

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

2.10.6 Cash and cash equivalents

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

2.11 Non-current assets held for sale and discontinued operations

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

2.12 Share capital

Repurchase of equity instruments

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

Dividends

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

2.13 Financial liabilities

Interest-bearing borrowings

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

Effective interest rate

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

Transaction costs

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

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

Net financial debt

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

2.14 Employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits include various post-employment benefit schemes operated by Group companies. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Post-employment and other long-term benefits include:

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

These benefits are classified as either:

— defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or

— defined benefit plans when the employer guarantees a future level of benefits.

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

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets outside of IAS 19 are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

Other long-term benefits

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

Actuarial gains and losses are immediately recognized in the income statement as part of the distribution and administrative expenses.

2.15 Share-based payments

Bonus share programs allow the Group employees to receive shares of the parent company of the Group. The fair value of bonus shares 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 fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

2.16 Provisions

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

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

Provision for restructuring

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

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in "Other expenses" (see note 2.18). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

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

Provisions for disputes and litigations

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

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

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

2.17 Sales

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

Sales are recognized net of customer rebates and discounts.

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

2.18 Other income and other expenses

Operating income and expenses as a result of abnormal or unusual events are included as separate line items "Other income" and "Other expenses". These line items include in particular, irrespective of their amount, gains and losses on asset disposals, asset depreciation, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition costs from business combinations and other items such as significant disputes. These items are presented separately in the income statement in order to allow Rexel's Management Board, acting as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments", to assess the recurrent performance of the operating segments.

2.19 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 2.10.5).

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

2.20 Income tax

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

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

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

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

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

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

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

2.21 Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's management reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Operations that present substantially similar characteristics are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments, including the electrical equipment distribution business of the Group, are:

— Europe, aggregating Southern continental Europe, Eastern and central Europe, United Kingdom/Ireland, and Benelux and Nordics,

— North America, aggregating United-States and Canada,

— The Asia-Pacific area,

— Latin America.

The Group's financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

2.22 Earnings per share

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

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

3. ACQUISITIONS

3.1 2012 Business combinations

As part of Rexel's external growth policy, which aims to strengthen its presence in emerging markets, increase its market share in mature countries and improve the offering of its high value-added services, the Group completed the following acquisitions in 2012:

Europe

— *United Kingdom*

Wilts Wholesale Electrical business was acquired on February 24, 2012. The entity, based in Trowbridge (Witshire), recorded annual sales of around €40 million in 2011. This entity has been consolidated starting on March 1, 2012.

— *France*

The business of Société Commerciale Toutelectric (SCT), based in Toulouse, was acquired on April 5, 2012. This entity has generated around €72 million of sales on an annualized basis and has been consolidated starting on its acquisition date.

— *Spain*

Suministros Electricos Erka S.L., Erka Materiales Electricos S.L. and Erka Bizkaia S.L, based in San Sebastian, were acquired on April 30, 2012. They recorded annual sales of around €35 million in 2011. These companies have been consolidated starting on its acquisition date.

— *Belgium*

L.G.B. NV (La Grange), based in Gent, was acquired on May 31, 2012. It recorded annual sales of around €45 million in 2011. This entity has been consolidated starting on its acquisition date.

North America

— *Canada*

Liteco Inc., operating from 13 branches located in the provinces of New Brunswick, Nova Scotia and Prince Edward Island, was acquired on February 1, 2012. It recorded annual sales of around €50 million in 2011. The company has been consolidated starting on its acquisition date.

— *United States*

On July 2, 2012, the Group completed the acquisition of Platt Electric Supply, a premier independent distributor of electrical products & services in the Western U.S, operating 111 branches located in 7 states. The Group acquired 100% ownership interest for a total consideration, of €325.7 million (US$410.0 million). The goodwill of €199.1 million was recognised on a provisional basis, the fair value measurement of working capital, fixed assets and lease agreements being still under progress as of balance sheet date. Platt Electric Supply has been consolidated starting on its acquisition date. The company posted annual sales of around €310 million in 2011.

On November 30, 2012, the Group completed the acquisition of Munro Distributing Company, a progressive, independent distributor of electrical products and services in the Eastern United States of America and California, specializing in energy efficiency and conservation solutions, operating 12 branches located in the 5 states. The Group acquired 100% ownership interest for a total consideration, of €113.2 million (US$147.0 million). The goodwill of €86.6 million was recognised on a provisional basis, the purchase price allocation being outstanding as of the balance sheet date. Munro Distributing Company has been consolidated starting on its acquisition date. The company posted annual sales of around €88 million in 2011.

Asia-Pacific

— *Singapore*

LuxLight Pte Ltd, based in Singapore and operating in South East Asia, was acquired on November 30, 2012. It recorded annual sales of around €10 million in 2011. This entity will be consolidated starting on January 1, 2013.

Latin America

— *Brazil*

Etil Comercio de Material Electrico Ltda, based in São Paulo, was acquired on February 3, 2012. It recorded annual sales of around €40 million in 2011. The company has been consolidated starting on April 1, 2012.

— *Peru*

Distribudora Romero S.L., operating in Peru, was acquired on July 31, 2012. It recorded annual sales of around €10 million in 2011. This entity has been consolidated starting on October 1, 2012.

The table below shows the consideration allocated to identifiable assets and liabilities, estimated on a provisional basis as of December 31, 2012, for the entities acquired in 2012 and those acquired in late 2011 that were consolidated as of January 1, 2012, such as disclosed in note 3.1 in the financial statements as of December 31, 2011:

— Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo (Brazil)

— V&F Tecnologia Comercial SAC, based in Lima (Peru)

— Eurodis Sécurité and Eurobat, based in France.

	Platt		**Munro**		**Others**	**TOTAL**
(in millions of)	**(USD)**	**(euros)**	**(USD)**	**(euros)**	**(euros)**	**(euros)**
Distribution networks	57.7	45.8	—	—	—	45.8
Customer relationship	60.1	47.7	—	—	8.7	56.4
Other fixed assets	7.8	6.2	1.4	1.1	15.6	22.8
Other non current assets	0.1	0.1	0.5	0.4	4.5	5.0
Current assets	123.9	98.4	48.9	37.6	109.2	245.2
Financial debt	—	—	(0.7)	(0.5)	(26.9)	(27.4)
Other non current liabilities	(37.6)	(29.9)	(0.2)	(0.1)	(5.2)	(35.2)
Current liabilities	(52.7)	(41.8)	(15.4)	(11.8)	(50.2)	(103.9)
Net asset acquired (except goodwill acquired)	**159.3**	**126.5**	**34.6**	**26.6**	**55.6**	**208.8**
Goodwill acquired	250.7	199.1	112.4	86.6	125.3	411.0
Consideration transferred	**410.0**	**325.7**	**147.0**	**113.2**	**180.9**	**619.8**
Cash acquired	—	—	—	—	(3.8)	(3.8)
Deferred payments	—	—	—	—	(1.5)	(1.5)
Payments related to entities not yet consolidated	—	—	—	—	13.9	13.9
Net cash paid for acquisitions	**410.0**	**325.7**	**147.0**	**113.2**	**189.5**	**628.4**
Payments in 2011[(1)]	—	—	—	—	(32.8)	(32.8)
Net cash flow for the period	**410.0**	**325.7**	**147.0**	**113.2**	**156.8**	**595.6**

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

The amount of fees associated with these acquisitions totaled €8.7 million, of which €6.4 million (€1.0 million for Platt Electric Supply and €1.0 million for Munro) was incurred for the period ended December 31, 2012.

For the period ended December 31, 2012, the contribution of the entities newly consolidated in 2012 to the Group's sales and operating income amounts approximately to €509.9 million and €12.0 million respectively.

Had these acquisitions been consolidated from January 1, 2012, the income statement would have included sales of €792.3 million and operating income of €17.2 million on a yearly basis.

3.2 Acquisition of non-controlling interests

Pursuant to the share purchase agreement dated October 7, 2008 and the supplemental agreement to the Joint Venture Contract for the Establishment of Suzhou Xidian Co., dated March 12, 2011,

Rexel acquired the non-controlling interests of Xidian, or 36.5% of the equity interest. The purchase price amounted €22.3 million (US$26.9 million), on July 25, 2012.

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the non-controlling interests acquired and the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €19.1 million.

3.3 2011 Business combinations

The Group completed the following acquisitions in 2011:

Europe

- *France*

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

Eurodis Sécurité, a distributor of security equipment (fire detection, intrusion, access control, CCTV), was acquired on December 29, 2011. In 2010, it posted annual sales of approximately €18 million. This entity has been consolidated as of January 1, 2012.

- *Germany*

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

Asia Pacific

- *China*

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

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

- *India*

Yantra Automation Private Ltd, acquired in January 2011 and based in Pune, is a distributor specialised in Automotive and industrial controls. In 2010, it posted annual sales of approximately €12 million. The Purchase Agreement stipulates the acquisition of 74% of the share capital rights in January 2011 and the acquisition of the rest of the share capital in 2014. This entity has been consolidated as of January 1, 2011.

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

Latin America

• *Brazil*

Nortel Suprimentos Industriais, which was acquired on January 19, 2011, is one of the top three Brazilian distributors of electrical materials. It is based in Campinas in the state of São Paulo and recorded annual sales of around €104 million in 2010. The Group acquired the full ownership of this company. This entity has been consolidated as of January 1, 2011.

Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo, were acquired on November 30, 2011. They recorded annual sales of around €54 million in 2010. The Group acquired the full ownership of these companies. This entity has been consolidated as of January 1, 2012.

• *Peru*

V&F Tecnologia Comercial SAC, a distributor of electrical supplies specialized in industrial automation projects based in Lima with annual sales of around €10 million in 2010, was acquired on October 4, 2011. The Group acquired full ownership of this company. This entity has been consolidated as of January 1, 2012.

The table below shows the consideration allocated as of December 31, 2011 to identifiable assets and liabilities of the acquired entities in 2011, with the exception of Delamano, V&F and Eurodis that have been consolidated starting on January 2012. It also includes entities acquired in 2010 and consolidated as of January 1, 2011, Grossauer and Luckywell:

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

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

The amount of fees associated with these acquisitions totaled €7.5 million, of which €5.6 million was incurred for the period ended December 31, 2011. In Brazil, the amount of goodwill deductible for tax purposes is €45.3 million and led to the recognition of a deferred tax asset of €3.6 million.

4. SEGMENT REPORTING

In 2012, the Group made minor changes in its organization and therefore discloses the Latin-American segment separately. Therefore, the reportable segments are Europe, North America, Asia-Pacific and Latin America. 2011 comparative data were restated accordingly together with changes in accounting policies following the early adoption of revised IAS19 "Employee Benefits" such as disclosed in note 2.2.1.

In 2011, other operations included non core businesses that were disposed of.

Information by geographic segment for the periods ending December 31, 2012 and 2011

2012 *(in millions of euros)*	**Europe**	**North America**	**Asia-Pacific**	**Latin America**	**Other operations**	**Total Operating Segments**	**Corporate Holdings and other reconciling items**	**Total Group**
Income statement items								
Sales to external customers[2]	7,448.6	4,348.6	1,341.9	310.0	—	**13,449.0**	0.2	**13,449.2**
Depreciation	(48.3)	(16.4)	(5.5)	(1.5)	—	**(71.7)**	(2.0)	**(73.7)**
EBITA[1]	533.7	225.6	60.0	6.2	—	**825.5**	(58.1)	**767.4**
Goodwill impairment	(25.5)	—	(20.2)	—	—	**(45.7)**	—	**(45.7)**
Cash flow statement item								
Capital expenditures net of disposals	(53.0)	(14.8)	(7.1)	(4.6)	—	**(79.5)**	(4.3)	**(83.8)**
Balance sheet items								
Working capital	730.2	496.0	173.6	50.2	—	**1,450.0**	(21.5)	**1,428.5**
Goodwill	2,714.9	1,340.0	248.0	66.3	—	**4,369.2**	—	**4,369.2**

2011 *(in millions of euros)*	**Europe**	**North America**	**Asia-Pacific**	**Latin America**	**Other operations**	**Total Operating Segments**	**Corporate Holdings and other reconciling items**	**Total Group**
Income statement items								
Sales to external customers[2]	7,420.7	3,738.2	1,278.4	214.9	64.9	**12,717.0**	—	**12,717.0**
Depreciation	(47.3)	(17.0)	(4.8)	(1.0)	(0.8)	**(70.9)**	(1.7)	**(72.6)**
EBITA[1]	511.9	173.7	77.9	10.2	(0.1)	**773.5**	(51.2)	**722.3**
Goodwill impairment	(54.8)	—	(4.7)	—	—	**(59.5)**	—	**(59.5)**
Cash flow statement item								
Capital expenditures net of disposals	(51.4)	(11.7)	(8.0)	(2.3)	10.1	**(63.3)**	(5.1)	**(68.4)**
Balance sheet items								
Working capital	627.9	394.9	174.6	36.5	—	**1,233.9**	36.7	**1,270.6**
Goodwill	2,646.9	1,049.9	266.7	38.7	—	**4,002.2**	—	**4,002.2**

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

(2) Of which €2,484.6 million generated in France in 2012 (€2,474.7 million in 2011).

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

(in millions of euros)	For the year ended December 31, 2012	2011
EBITA — Total Group	**767.4**	**722.3**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(13.3)	(15.7)
Other income and other expenses	(106.7)	(107.0)
Net financial expenses	(200.1)	(197.1)
Share of profit/(loss) of associates	3.1	2.8
Group consolidated income before income tax	**450.3**	**405.3**

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

(in millions of euros)	As of December 31, 2012	2011
Working capital	1,428.5	1,270.6
Goodwill	4,369.2	4,002.2
Total allocated assets & liabilities	**5,797.7**	**5,272.8**
Liabilities included in allocated working capital	2,590.0	2,546.2
Other non-current assets	1,408.8	1,306.3
Deferred tax assets	171.9	153.4
Current tax assets	26.1	21.0
Other current assets	0.4	—
Assets classified as held for sale	21.2	3.7
Derivatives	8.1	2.1
Cash and cash equivalents	291.9	413.7
Group consolidated total assets	**10,316.1**	**9,719.2**

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31, 2012	2011
Personnel costs (salaries & benefits)	1,535.0	1,436.8
Building and occupancy costs	269.5	257.0
Other external costs	622.3	583.7
Depreciation expense	73.7	72.5
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	13.3	15.7
Bad debt expense	47.1	45.2
Total distribution and administrative expenses	**2,560.9**	**2,410.9**

6. SALARIES & BENEFITS

(in millions of euros)	For the year ended December 31, 2012	2011
Salaries and social security charges	1,460.7	1,367.6
Share-based payments	19.9	17.2
Pension and other post-retirement benefits-defined benefit plans	10.8	13.0
Other employee expenses	43.5	39.0
Total employee expenses	**1,535.0**	**1,436.8**

7. OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended December 31, 2012	2011
Gains on disposal of consolidated entities	—	26.1
Gains on disposal of tangible assets	2.3	8.4
Write-back asset impairment	0.1	0.2
Release of unused provisions	11.7	4.5
Other operating income	1.8	0.4
Total other income	**15.9**	**39.6**
Restructuring costs	(49.9)	(39.8)
Losses on non-current assets disposed of	(2.2)	(2.0)
Impairment of goodwill and fixed assets	(46.8)	(87.9)
Acquisition related costs	(7.8)	(5.6)
Losses on earn-out	(2.3)	—
Other operating expenses	(13.6)	(11.3)
Total other expenses	**(122.6)**	**(146.6)**

7.1 Other Income

Gain on disposal of consolidated entities

In 2011, €26.1 million gains on consolidated entities included (i) a gain related to the disposal of Hagemeyer Brands Australia Pty Limited, corresponding to the exchange gain initially recognized in other comprehensive income and reclassified to profit and loss and (ii) a gain related to the disposal of Kompro B.V. in The Netherlands.

Release of unused provisions

In 2012, this line item mainly includes the release of a provision of €7.8 million on a tax reassessment with respect to the deduction of VAT related to services rendered by the investment funds, at the time of Rexel's LBO. The Group filed a claim to the Administrative Court, which dismissed the French tax authority from its request (see note 25.2).

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

7.2 Other expenses

Restructuring costs

In 2012, restructuring costs were mainly related to restructuring plans in Europe for €39.6 million (€31.2 million in 2011), mainly in the United Kingdom, Germany, France, Sweden and in The Netherlands in North America for €5.1 million (€6.3 million in 2011) and in Asia-pacific for €4.4 million (€1.9 million in 2011).

Goodwill and assets impairment

In 2012, impairment on goodwill has been recognized on the following cash-generating units: The Netherlands for €23.9 million (€47.2 million in 2011), New Zealand for €20.2 million (€4.7 million in 2011) and Slovenia for €1.6 million (€7.6 million in 2011), as a result of lower than expected operating performance (see note 10.1).

In addition, in 2011, impairment charges were recognised on Spanish fixed assets other than goodwill for €20.7 million and on Hagemeyer Brands Australia Pty Ltd intangible assets prior to their disposal in 2011 for €7 million.

Other operating expenses

In 2012, other operating expenses mainly include (i) the cost of indemnities for termination of employee contracts for €4.8 million, (ii) the early settlement of incentive schemes granted to prior owners of Nortel in Brazil for €1.6 million, (iii) tax reassessments from French tax authorities regarding salaries tax and property tax for respectively €1.3 million and €1.1 million and (iv) the settlement of claim from previous owner of Gexpro in the United States for €1.0 million.

In 2011, other expenses were mainly related (i) to litigation with social security authorities for €6.5 million, (ii) to employee claims for €2.0 million and (iii) to tax claims for €0.8 million.

8. NET FINANCIAL EXPENSES

(in millions of euros)	For the year ended December 31, 2012	2011
Interest income on cash and cash equivalents	0.7	2.0
Interest income on receivables and loans	1.6	2.3
Financial income	**2.3**	**4.3**
Interest expense on financial debt (stated at amortized cost)	(182.6)	(156.0)
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement	(5.6)	(24.3)[1]
Foreign exchange gain (loss)	(8.6)	11.0
Change in fair value of exchange rate derivatives through profit and loss	8.8	(5.9)
Change in fair value of interest rate derivatives through profit and loss	9.2	(8.0)
Interest expense on borrowings	**(178.8)**	**(183.2)**
Net financial expense on employee benefit obligations	(11.8)	(11.0)
Others	(11.9)	(7.3)
Other financial expenses	**(23.7)**	**(18.2)**
Financial expenses (net)	**(200.1)**	**(197.1)**

(1) including an expense of €13.1 million resulting from the de-designation of cash-flow hedge swaps following the partial repayment of the underlying senior credit facilities.

9. INCOME TAX

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

9.1 Income tax expense

(in millions of euros)	For the year ended December 31, 2012	2011
Current tax	(119.4)	(104.5)
Prior year adjustments on current income tax	(0.8)	1.5
Deferred tax	(11.5)	13.7
Total income tax expense	**(131.7)**	**(89.3)**

9.2 Deferred tax assets and liabilities

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

(in millions of euros)	**2012**	**2011**
Net deferred tax at the beginning of the period	**42.1**	**11.1**
Deferred tax income (expense)	(11.5)	13.7
Other comprenhensive income	21.8	8.0
Change in consolidation scope	(30.1)	(0.9)
Translation differences	(0.2)	4.8
Other changes	(2.3)	5.4
Net deferred tax at the end of the period	**19.7**	**42.1**

In 2012, other comprehensive income mainly consisted of tax effect on remeasurements of net defined benefit liability recognized for €22.6 million (€13.0 million in 2011).

Deferred tax assets and liabilities are broken down as follows:

	As of December 31,	
(in millions of euros)	**2012**	**2011**
Intangible assets	(314.2)	(274.5)
Property, plant and equipment	3.5	7.8
Financial assets	10.2	(11.7)
Trade accounts receivable	21.8	18.6
Inventories	13.0	8.2
Employee benefits	122.6	91.9
Provisions	6.8	7.8
Financing fees	2.3	(1.0)
Other items	13.3	23.9
Tax losses carried forward	327.2	350.3
Deferred tax assets / (liabilities), net	**206.5**	**221.5**
Valuation allowance on deferred tax assets	(186.8)	(179.4)
Net deferred tax assets / (liabilities)	**19.7**	**42.1**
of which deferred tax assets	171.9	153.4
of which deferred tax liabilities	(152.3)	(111.3)

Depreciation of deferred tax assets of €186.8 million as of December 31, 2012 (€179.4 million as of December 31, 2011), is determined in respect of the recoverability of net deferred tax assets assessed by each tax entity. The recoverable amount is based on the expected taxable profits over the next 5 years as well as risks arising from tax reassessments. As of December 31, 2012, it mainly refers to the losses carried forward in the United Kingdom, France, Germany and Spain.

9.3 Effective tax rate

(in millions of euros)	2012		2011	
Income before tax and before share of profit in associates	447.3		402.5	
French legal tax rate		*36.1%*		*36.1%*
Income tax calculated at the legal tax rate	(161.5)		(145.3)	
			—	
Differences of tax rates in foreign jurisdictions	32.7	*(7.3%)*	22.8	*(5.7%)*
Changes in tax rates	(4.2)	*0.9%*	(2.0)	*0.5%*
(Current year losses unrecognized), prior year losses utilized	(1.3)	*0.3%*	38.6	*(9.6%)*
(Non-deductible expenses), tax exempt revenues	2.6	*(0.6%)*	(3.4)	*0.8%*
Actual income tax expense	**(131.7)**	***29.4%***	**(89.3)**	***22.2%***

In 2012, non-deductible expenses and tax exempt revenues include a release of provision of €15.3 million in connection with the dismissal by Administrative Court of a tax reassessment (see note 25.2), partially offset by the tax effect of Goodwill impairment for an amount of €11.9 million.

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

10. LONG-TERM ASSETS

10.1 Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks	Software and intangible assets with finite useful lives[1]	Total intangible assets	Goodwill
Gross carrying amount as of January 1, 2011	**185.6**	**600.7**	**361.5**	**1,147.8**	**4,081.6**
Effect of acquisitions and divestitures	—	—	5.0	**5.0**	**90.9**
Additions	—	—	34.0	**34.0**	**—**
Disposals	—	—	(2.4)	**(2.4)**	**—**
Exchange differences	—	7.4	5.7	**13.1**	**39.0**
Other changes	—	—	(1.1)	**(1.1)**	**(0.1)**
Gross carrying amount as of December 31, 2011	**185.6**	**608.1**	**402.7**	**1,196.4**	**4,211.4**
Effect of acquisitions and divestitures	—	45.8	59.7	**105.5**	**405.6**
Additions	—	—	32.2	**32.2**	**—**
Disposals	—	—	(4.9)	**(4.9)**	**—**
Exchange differences	—	0.7	(2.6)	**(1.9)**	**9.1**
Other changes	—	—	—	**—**	**(0.3)**
Gross carrying amount as of December 31, 2012	**185.6**	**654.6**	**487.1**	**1,327.3**	**4,625.8**
Accumulated amortization and depreciation as of January 1, 2011	**—**	**—**	**(213.4)**	**(213.4)**	**(150.4)**
Change in consolidation scope	—	—	8.2	**8.2**	**0.4**
Amortization expense	—	—	(37.1)	**(37.1)**	**—**
Impairment losses[2]	—	(5.8)	(11.4)	**(17.2)**	**(59.5)**
Decrease of amortization	—	—	(0.5)	**(0.5)**	**—**
Exchange differences	—	—	(4.3)	**(4.3)**	**0.2**
Other changes	—	—	3.6	**3.6**	**0.1**
Accumulated amortization and depreciation as of December 31, 2011	**—**	**(5.8)**	**(254.9)**	**(260.7)**	**(209.2)**
Change in consolidation scope	—	—	(2.6)	**(2.6)**	**—**
Amortization expense	—	—	(32.5)	**(32.5)**	**—**
Impairment losses[3]	—	—	(0.7)	**(0.7)**	**(45.7)**
Decrease of amortization	—	—	3.5	**3.5**	**—**
Exchange differences	—	—	1.1	**1.1**	**(1.7)**
Other changes	—	—	0.4	**0.4**	**—**
Accumulated amortization and depreciation as of December 31, 2012	**—**	**(5.8)**	**(285.7)**	**(291.5)**	**(256.6)**
Carrying amount at January 1, 2011	**185.6**	**600.7**	**148.1**	**934.4**	**3,931.2**
Carrying amount at December 31, 2011	**185.6**	**602.3**	**147.8**	**935.7**	**4,002.2**
Carrying amount at December 31, 2012	**185.6**	**648.8**	**201.4**	**1,035.8**	**4,369.2**

(1) Including customer relationships for a net book value of €67.2 million as of December 31, 2012 (€26.0 million as of December 31, 2011).

(2) Goodwill impairment in The Netherlands, New Zealand and Slovenia. Assets impairment in Spain.

(3) Goodwill impairment in The Netherlands, New Zealand and Slovenia.

Impairment testing of goodwill and intangibles with indefinite lives

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration. Goodwill is tested at least annually for impairment purposes.

For the requirements of impairment testing, goodwill and other intangible assets (strategic partnerships and distribution networks) with an indefinite life have been allocated to the following cash-generating units:

		At December 31, 2012			At December 31, 2011		
(in millions of euros)	**Geographic segment**	**Goodwill**	**Other intangible assets[(1)]**	**Total**	**Goodwill**	**Other intangible assets[(1)]**	**Total**
CGU							
France	Europe	966.3	169.4	1,135.7	946.6	169.4	1,116.0
United States	North America	839.1	123.4	962.5	575.0	81.2	656.2
Canada	North America	506.1	77.1	583.2	480.2	76.7	556.9
The Netherlands	Europe	102.1	17.3	119.4	126.0	17.3	143.3
Sweden	Europe	208.4	21.9	230.3	200.7	21.1	221.8
Germany	Europe	172.9	51.7	224.6	172.9	51.7	224.6
United Kingdom	Europe	199.8	62.7	262.5	185.8	61.3	247.1
Norway	Europe	204.1	16.9	221.0	193.4	16.0	209.4
Australia	Asia-Pacific	191.3	30.5	221.8	191.3	30.5	221.8
Switzerland	Europe	226.3	34.9	261.2	224.8	34.7	259.5
Other		752.8	228.6	981.4	705.5	228.0	933.5
	Total	**4,369.2**	**834.4**	**5,203.6**	**4,002.2**	**787.9**	**4,790.1**

(1) Intangible assets with an indefinite useful life.

Key assumptions retained in the determining of the value-in-use

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on cash flows arising from the three-year strategic plan performed in June and updated during the budgetary process in November 2012. Cash flows are extrapolated over a period of five years and take into account a terminal value. A perpetuity growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and beta factors. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already factored in the cash-flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetuity growth rate:

• Discount rate

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

	2012	2011
France	7.40%	7.40%
United States	7.50%	7.00%
Canada	6.70%	6.80%
The Netherlands	7.80%	8.00%
Sweden	7.80%	8.10%
Germany	7.40%	7.70%
United Kingdom	7.20%	7.50%
Norway	8.30%	8.70%
Australia	9.00%	9.10%
Switzerland	6.40%	6.50%
Other	6.9% to 13.0%	6.8% to 12.5%

• Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. This rate is not subject to changes over the short term. The perpetuity growth rates used to measure the terminal value were 2% for mature markets, 3% for China and India and 4.5% for Brazil, similar to 2011.

As a result of impairment tests, a loss of €45.7 million was recognized in 2012 (€59.5 million in 2011) and allocated to goodwill in The Netherlands for €23.9 million (47.2 million 2011), in New Zealand for €20.2 million (€4.7 million in 2011), and in Slovenia for €1.6 million (€7.6 million in 2011) due to the deterioration of the expected performance of these CGUs resulting in revised long term prospects.

Sensitivity analysis

With regards to the assessment of value-in-use of goodwill and other intangible and fixed assets, the Group believes that no reasonably possible changes in the EBITA margin, discount rate or perpetuity growth rate (less than or equal to 50 basis points) would cause the carrying value of the above cash-generating units to materially exceed its recoverable amount, excluding Brazil (for which the carrying value equals the recoverable amount) and the cash-generating units already impaired in 2012. Therefore, for the latter countries, any adverse movement in a key assumption would lead to a further impairment.

A 50 basis points increase in the discount rate, applied to the value in use of all cash-generating units would result in an additional €28.2 million impairment expense. A 50 basis points decrease in the perpetuity growth rate or in the terminal value EBITA margin would result in additional impairment expenses of €14.4 million and €37.1 million respectively.

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, 2011	**204.2**	**629.9**	**34.9**	**869.0**
Effect of acquisitions and divestitures	24.3	(0.7)	(5.4)	**18.2**
Additions	21.0	39.0	4.4	**64.4**
Disposals	(22.7)	(41.3)	(6.7)	**(70.7)**
Exchange differences	2.7	5.4	—	**8.1**
Other changes	15.4	3.6	(1.5)	**17.5**
Gross carrying amount as of December 31, 2011	**244.9**	**635.9**	**25.7**	**906.5**
Effect of acquisitions and divestitures	8.5	47.5	0.4	**56.4**
Additions	4.0	46.4	8.0	**58.4**
Disposals	(7.2)	(47.0)	(3.2)	**(57.4)**
Exchange differences	1.1	(0.4)	0.2	**0.9**
Other changes	1.8	1.5	(5.7)	**(2.4)**
Gross carrying amount as of December 31, 2012	**253.1**	**683.9**	**25.4**	**962.4**
Accumulated depreciation and amortization as of January 1, 2011	**(95.2)**	**(501.4)**	**(27.0)**	**(623.6)**
Change in consolidation scope	(11.9)	3.7	4.3	**(3.9)**
Depreciation expense	(10.4)	(38.2)	(2.5)	**(51.1)**
Impairment losses	(9.3)	(1.9)	—	**(11.2)**
Release	7.5	39.7	6.6	**53.8**
Exchange differences	(1.2)	(4.5)	—	**(5.7)**
Other changes	(2.1)	(0.8)	(0.2)	**(3.1)**
Accumulated depreciation and amortization as of December 31, 2011	**(122.6)**	**(503.4)**	**(18.8)**	**(644.8)**
Change in consolidation scope	(1.2)	(33.2)	—	**(34.4)**
Depreciation expense	(10.1)	(42.8)	(1.7)	**(54.6)**
Impairment losses	(0.2)	(0.1)	—	**(0.3)**
Release	4.7	44.4	3.0	**52.1**
Exchange differences	(0.4)	—	(0.1)	**(0.5)**
Other changes	(0.5)	1.0	2.3	**2.8**
Accumulated depreciation and amortization as of December 31, 2012	**(130.3)**	**(534.1)**	**(15.3)**	**(679.7)**
Carrying amount at January 1, 2011	**109.0**	**128.5**	**7.9**	**245.4**
Carrying amount at December 31, 2011	**122.3**	**132.5**	**6.9**	**261.7**
Carrying amount at December 31, 2012	**122.8**	**149.8**	**10.1**	**282.7**

Additions of the period include €10.4 million of assets (€18.4 million in 2011) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities, and the corresponding variation of financial debt was included in "Net change in finance lease liabilities" in cash flows from financing activities.

Tangible assets impairment

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

The assumptions used to establish the value in use of tangible assets are identical to those used for goodwill impairment tests.

10.3 Long-term investments

(in millions of euros)	As of December 31, 2012	2011
Loans	0.1	0.8
Deposits	23.3	15.8
Other long-term investments	56.0	80.5
Long-term investments	**79.5**	**97.1**

As of December 31, 2012, other long-term investments mainly include:

(i) the fair value of hedging instruments for €39.8 million (€25.9 million as of December 31, 2011) and derivatives held for trading for €2.4 million (€1.6 million as of December 31, 2011).

(ii) the purchase price of the shares of Luxlight for €13.6 million (see note 3.1); this company was acquired in late 2012 and will be consolidated in 2013.

As of December 31, 2011, other long-term investments were comprised of:

(i) the asset surplus of defined benefit plans relating to the liability of Hagemeyer pension plans in The Netherlands for €18.0 million, and

(ii) the purchase price of the shares and quotas in the Peruvian company V&F Tecnología for €4.5 million, in the Brazilian company Delamano for €14.5 million and in the French company Eurodis for €14 million (see note 3.3). These companies were consolidated as from January 1, 2012.

10.4 Investments in associates

The Group holds 66.67% of the shares in DPI, Inc, of which 59.52% are held in the form of non-voting preference shares. The investment in DPI, Inc., a company based in Saint Louis (USA) and specialized in the distribution of consumer electronics, was accounted for using the equity method.

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

(in millions of euros) — unaudited	As of December 31, 2012	2011
DPI, Inc. balance sheet information		
Total assets	60.8	58.3
Total liabilities	(41.8)	(37.8)
Shareholders' equity	**18.9**	**20.6**

	For the year ended December 31,	
	2012	2011
DPI, Inc. sales and net income		
Sales	124.0	122.4
Net income	4.6	4.2

11. CURRENT ASSETS

11.1 Inventories

	As of December 31,	
(in millions of euros)	2012	2011
Cost	1,530.6	1,334.8
Allowance	(103.9)	(94.0)
Net inventories	**1,426.7**	**1,240.8**

Changes in impairment losses:

(in millions of euros)	2012	2011
Allowance for inventories as of January 1	**(94.0)**	**(91.7)**
Change in consolidation scope	(17.7)	(4.1)
Net change in allowance	7.2	2.3
Translation difference	0.6	(0.4)
Allowance for inventories as of December 31	**(103.9)**	**(94.0)**

11.2 Trade accounts receivable

	As of December 31,	
(in millions of euros)	2012	2011
Nominal value	2,276.5	2,269.9
Impairment losses	(152.6)	(147.0)
Trade accounts receivable	**2,123.9**	**2,122.9**

Trade accounts receivable include taxes collected on behalf of the tax authorities that, in certain circumstances, may be recovered when the client defaults. These recoverable taxes amounted to €252.5 million as of December 31, 2012 (€243.7 million as of December 31, 2011).

The Group has put in place credit insurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €723.0 million as of December 31, 2012 (€836.7 million as of December 31, 2011).

Finally, in certain countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States. Trade accounts receivable covered by these guarantees represented €260.1 million as of December 31, 2012 (€238.0 million as of December 31, 2011).

On December 23, 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a *Receivables Participation Agreement* ("RPA"). This agreement allows the

Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2015.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of the transfer to the purchaser of all risks and obligations attached to the receivables assigned in relation to the Ester program, these receivables are derecognized. The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2012, derecognized receivables totaled €112.2 million (€102.8 million as of December 31, 2011) and the resulting loss was recorded as a financial expense for €5.3 million (€4.1 million in 2011). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totaled €18.5 million and was recognized in financial liabilities.

In addition, the Group manages other on-balance sheet securitization programs as described in note 20.1.3.

Changes in impairment losses:

(in millions of euros)	2012	2011
Impairment losses on trade accounts receivable as of January 1	**(147.0)**	**(136.0)**
Change in consolidation scope	(8.3)	(1.8)
Net depreciation	3.1	(9.0)
Translation differences	(0.4)	(0.3)
Impairment losses on trade accounts receivable as of December 31	**(152.6)**	**(147.0)**

As of December 31, 2012, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of a confirmed default risk for the customer in question for €98.1 million (€101.9 million as of December 31, 2011).

The balance of impairment losses recorded corresponds to the risks estimated on the basis of late payments.

The summary of overdue receivables for which no impairment provision has been raised is as follows:

	As of December 31,	
(in millions of euros)	2012	2011
From 1 to 30 days	262.4	232.3

In accordance with the accounting principle stated in note 2.10.3, all receivables above 30 days are subject to an impairment provision.

11.3 Other accounts receivable

(in millions of euros)	As of December 31, 2012	2011
Purchase rebates	324.3	318.7
VAT receivable and other sales taxes	30.7	25.8
Prepaid expenses	38.2	40.4
Derivatives	8.1	2.1
Other receivables	75.2	68.2
Total accounts receivable	**476.4**	**455.2**

12. ASSETS HELD FOR SALE

As of December 31, 2012, assets held for sale were €21.2 million (€3.7 million as of December 31, 2011). They mainly included a vacant property in the United Kingdom, held under a lease agreement, which was disposed of to a third party on January 9, 2013 for €15.4 million (£12.5 million) as a result of the different following transactions.

On December 21, 2012, the Group entered into agreements to early terminate the existing lease agreement with the lessor and undertook to purchase the leased property effective on January 9, 2013. Concurrently to this transaction, the Group entered into a sale agreement with a third party, effective on January 9, 2013, for €15.4 million (£12.5 million). In that respect, the property held under the finance lease was recognized as an asset held for sale for its selling price (€15.4 million).

13. CASH AND CASH EQUIVALENTS

(in millions of euros)	As of December 31, 2012	2011
Cash equivalents	133.9	135.3
Cash at bank	156.6	277.2
Cash in hand	1.3	1.2
Cash and cash equivalents	**291.9**	**413.7**

As of December 31, 2012, short-term investments include units in mutual funds, valued at their fair market value, for a total of €133.9 million (€133.3 million as of December 31, 2011). These investments were made in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

14. SUMMARY OF FINANCIAL ASSETS

(in millions of euros)	IAS 39 Category	IFRS 7 Hierarchy*	As of December 31, 2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Loans	L&R		0.1	0.1	0.8	0.8
Deposits	L&R		23.3	23.3	15.8	15.8
Assets available for sale	AFS		13.8	13.8	33.3	33.3
Hedging derivatives(1)	N/A	2	39.8	39.8	25.9	25.9
Other derivative instruments	TR	2	2.4	2.4	1.6	1.6
Others(2)	N/A		—	N/A	46.7	N/A
Total long-term investments			**79.5**	**—**	**124.1**	**—**
Trade accounts receivable	L&R		2,123.9	2,123.9	2,122.9	2,122.9
Supplier rebates receivable	L&R		324.3	324.3	318.7	318.7
VAT and other taxes receivable(2)	N/A		30.7	N/A	25.8	N/A
Other accounts receivable	L&R		75.2	75.2	68.2	68.2
Hedging derivatives(1)	N/A	2	—	—	0.7	0.7
Other derivative instruments	TR	2	8.1	8.1	1.4	1.4
Prepaid expenses(2)	N/A		38.2	N/A	40.4	N/A
Total other current assets			**476.4**	**—**	**455.1**	**—**
Cash equivalents	FV	1	133.9	133.9	135.3	135.3
Cash	L&R		157.9	157.9	278.4	278.4
Cash and cash equivalents			**291.9**	**—**	**413.7**	**—**
Loans and receivables	L&R					
Assets available for sale	AFS					
Investments held for trading	TR					
Fair value through profit or loss	FV					
Not applicable	N/A					

(1) Specific accounting treatment for hedging.

(2) Not a financial instrument under IAS 39.

* For IFRS 7 hierarchy see note 2.10.4.

15. SHARE CAPITAL AND PREMIUM

15.1 Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

(in millions of euros)	Number of Shares	Share capital	Issuance premium
On January 1, 2011	**260,212,996**	**1,301.0**	**1,383.7**
Exercise of share subscription options[1]	347,152	1.8	1.2
Issuance of shares in connection with payments of dividends	5,376,107	26.9	58.7
Issuance of shares in connection with free shares plan	2,883,504	14.4	(12.6)
Allocation of free shares	—	—	(18.8)
On December 31, 2011	**268,819,759**	**1,344.1**	**1,412.2**
Exercise of share subscription options[1]	65,936	0.3	—
Issuance of shares in connection with payments of dividends[3]	2,273,474	11.4	18.8
Issuance of shares in connection with free shares plan and employee share purchase plans 2010[2]	426,595	2.1	(14.4)
Issuance of shares in connection with free shares plan and employee share purchase plans 2012[4]	337,465	1.7	1.7
On December 31, 2012	**271,923,229**	**1,359.6**	**1,418.3**

(1) *Exercise of share subscription options*

For the period ended December 31, 2012, 65,936 shares options were exercised by senior employees and key management personnel (347,152 for the period ended December 31, 2011).

(2) *Issuance of shares in connection with free shares plan and employee share purchase plans*

In May 2012, 48,788 shares were issued in connection the 2010 bonus free shares plan ("Plan 2+2").

In June and October 2012, 377,666 shares were issued in connection with the 2008 bonus free shares plan ("Plan 4+0").

In April and December 2012, 141 shares were issued in connection the 2010 employee share purchase plan.

(3) *Issuance of shares in connection with payments of dividends*

The Shareholders' Meeting of May 16, 2012 approved the payment of a dividend of €0.65 per share, either in cash or in Rexel shares at a price of €13.39, at the option of each shareholder. The total amount of the dividend distributed was €173.5 million, of which €143.0 million was paid in cash and €30.5 million was settled by the issuance of 2,273,474 new shares. Capital increase related costs of €0.3 million were recognized in reduction of the share premium.

(in millions of euros)	For the year ended December 31, 2012	2011
Dividends on ordinary shares	€0.65	€0.40
Dividends paid	**173.5**	**105.2**
o/w: — dividends paid in cash	143.0	19.2
— dividends paid in shares	30.5	86.0

(4) *Issuance of shares in connection with the Employee Share Purchase Plan*

The settlement and delivery of the shares subscribed by employees under the Employee Share Purchase Plan occurred in November 2012. 297,665 shares were issued at a price of €12.14, and 39,800 shares at a price of €13.76 for US employees. Capital increase related costs of €1.1 million were recognized in reduction of the share premium.

15.2 Capital Management and treasury shares

The Shareholders' Meeting of May 19, 2011 authorized the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to buy a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €22 per share. This program is capped at €200 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 19, 2012).

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

- insuring the liquidity and activity in the market for the shares through the intermediary of an investment services provider;
- setting up any stock option plan of the Company;
- retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions 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 to Rexel shares;
- cancelling all or part of the shares so repurchased;
- any other actions that may comply with regulation in force.

Under this share buy-back program, Rexel entered into a mandate with Natixis, complying with a Code of Ethics recognized by the *Autorité des Marchés Financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel share transactions for an amount of €12.8 million.

In addition to this agreement, Rexel also mandated Natixis in order to buy 1,975,000 treasury shares to serve its free share plans, in the fourth quarter 2011 for an amount of €23.7 million and 500,000 treasury shares for €7.0 million in the second quarter 2012. In May 2012, 459,723 treasury shares were delivered in order to serve 2010 Free Share Plans.

On December 31, 2012, Rexel held 2,292,534 treasury shares (2,590,773 as of December 31, 2011) valued at an average price of €12.72 per share (€12.12 per share as of December 31, 2011) and recorded as a reduction in shareholders' equity, for an amount of €29.2 million (€31.4 million as of December 31, 2011).

Net capital gains realized on the sale of treasury shares in 2012 amounted to €1.3 million net of tax and were recognized as an increase in shareholders' equity (net capital loss of €0.6 million in 2011).

16. SHARE-BASED PAYMENTS

16.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2012

On May 2, 2012 and on July 26, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,262,404 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 3, 2014 and July 27, 2014), these being restricted for an additional two-year period (until May 3,

2016 and July 27, 2016), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

Beneficiaries	Members of Group Executive Committee and top managers		Total
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2012 adjusted EBITA, (ii) 2011/2013 adjusted EBITA margin increase, (iii) average free cash flow before interest and tax/EBITDA between 2012 and 2013 and (iv) free cash flow before interest and tax 2012		
Plan	2+2	4+0	
May plan's delivery date	May 3, 2014	May 3, 2016	
Share fair value at grant date May 2, 2012[(1)]	€14.47	€13.14	
Maximum number of shares granted on May 2, 2012	737,024	1,282,300	**2,019,324**
July plan's delivery date	July 27, 2014	July 27, 2016	
Share fair value at grant date July 26, 2012[(1)]	€11.85	€10.46	
Maximum number of shares granted on July 26, 2012	59,243	183,837	**243,080**
Total maximum number of shares granted in 2012	**796,267**	**1,466,137**	**2,262,404**
Cancelled in 2012	(118,149)	(227,478)	**(345,627)**
Total maximum number of shares granted in 2012	**678,118**	**1,238,659**	**1,916,777**

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

Plans issued in 2011

On May 12, 2011 and October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,423,467 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 12, 2013/October 11, 2013), these being restricted for an additional two-year period (until May 12, 2015 / October 11, 2015), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

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

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers		Other key employees		Operational manager		Total
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date		
Plan	2+2	4+0	2+2	4+0	2+2	4+0	
Delivery date	May 12, 2013/ October 11, 2013	May 12, 2015/ October 11, 2015	May 12, 2013/ October 11, 2013	May 12, 2015/ October 11, 2015	May 12, 2013/ October 11, 2013	May 12, 2015/ October 11, 2015	
Maximum number of shares granted on May 12, 2011	429,203	507,879	177,931	484,110	96,375	387,250	**2,082,748**
Maximum number of shares granted on October 11, 2011[(1)]	295,550	8,381	10,929	25,859	—	—	**340,719**
Cancelled in 2011	(65,301)	(82,178)	(18,474)	(60,197)	(9,750)	(11,500)	**(247,400)**
Maximum number of shares allocated as of December 31, 2011	659,452	434,082	170,386	449,772	86,625	375,750	**2,176,067**
Cancelled in 2012	(311,597)	(239,950)	(76,333)	(203,856)	(3,625)	(24,625)	**(859,986)**
Maximum number of shares allocated as of December 31, 2012	347,855	194,132	94,053	245,916	83,000	351,125	**1,316,081**
Share fair value at the attribution date May 12, 2011	*€17.22*	*€16.42*	*€17.22*	*€16.42*	*€17.22*	*€16.42*	
Share fair value at the attribution date October 11, 2011	*€11.39*	*€10.34*	*€11.39*	*€10.34*			

(1) Of which 59,018 shares granted to members of Group Executive Committee with only two year service.

Furthermore, on October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,343,310 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (October 11, 2014), these being restricted for an additional two-year period (October 11, 2016), the so-called "3+2 Plan", or five years after the granting date with no subsequent restrictions, the so-called

"5+0 Plan". The delivery of these shares is subject to service and market conditions as described below:

Beneficiaries	Members of Group Executive Committee and top managers	Other key employees	Total
Vesting conditions	Three year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment condition		
Plan	3+2	5+0	
Delivery date	October 11, 2013	October 11, 2015	
Maximum number of shares granted on October 11, 2011	840,334	502,976	**1,343,310**
Maximum number of shares allocated as of December 31, 2011	840,334	502,976	**1,343,310**
Cancelled in 2012	—	(56,387)	**(56,387)**
Maximum number of shares allocated as of December 31, 2012	840,334	446,589	**1,286,923**
Share fair value at the attribution date	€7.17	€6.15	

The fair value of Rexel's shares granted to key employees was computed based on a Monte Carlo model which simulates the evolution of Rexel's and panel shares' quotations at the end of the three years vesting period. Also, restrictions attached to the dividends until the delivery date of the shares to the beneficiaries were deducted from the fair value.

Plans issued in 2010 and before

In 2010, 2009 and 2008, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 4,499,989 shares. Depending on local regulations, these employees and executives will be eligible to receive Rexel shares, either after a period of two years from the grant dates, with a restriction on their sale for an additional two year period, or after a period of four years from the grant date with no subsequent restrictions on their sale.

The actual transfer of these free shares is subject to the service and performance conditions of the schemes.

	Plans issued in 2010	Plans issued in 2009	Plans issued in 2008
Maximum number of shares granted initially	**1,519,862**	**1,372,166**	**1,607,961**
Shares cancelled	(148,267)	(335,335)	(1,080,455)
Shares delivered	—	(268,416)	(147,763)
Maximum number of shares allocated as of December 31, 2011 and not yet delivered	**1,371,595**	**768,415**	**379,743**
Shares cancelled in 2012	(25,630)	(2,187)	(2,077)
Shares delivered in 2012	(508,511)	—	(377,666)
Maximum number of shares allocated as of December 31, 2012 and not yet delivered	**837,454**	**766,228**	**0**
Share fair value at the grant date	*€6.42*	*€7.88*	*€16.5*

16.2 Stock option plans

On October 28, 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares, on May 31, 2006 and October 4, 2006, further options were granted to new management personnel. On November 30, 2005, a share option subscription

arrangement was set up for a broader circle of key employees of the Group with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under these plans were vested in full upon the Initial Public Offering of Rexel shares in April 2007.

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

Date of allocation/beneficiaries	Number of instruments originally allocated	Number of options active as of December 31, 2012	Options term	Exercise price
Options granted to key managers ("Plan No.1")				
— on October 28, 2005	2,711,000	32,820	October 28, 2015	€5.0
— on May 31, 2006	169,236	—		
— on October 4, 2006	164,460	—		
Options granted to key employees ("Plan No.2")				
— on November 30, 2005	259,050	165,154	November 30, 2015	€5.0
— on May 31, 2006	34,550	11,276		€6.5
Total options granted by Rexel	**3,338,296**	**209,250**		

16.3 Employee share purchase plans

Pursuant to the authorization granted by the shareholders' meeting held on May 16, 2012 and by the Supervisory Board on May 16, 2012, the Management Board meeting held on September 3, 2012 decided to realize a reserved capital increase in favour of employees in sixteen countries.

In most of these eligible countries, subscription has been carried out directly or through employee shareholding funds (*fonds communs de placement d'entreprise* or *FCPE*) which received approval from the *Autorité des Marchés Financiers* (*AMF*) on July 17, 2012. The subscription period closed on September 28, 2012.

The price of the employee offering, except for US participating employees, was set at the average of the opening price of Rexel shares over the 20 trading days preceding the decision of the Management Board, minus a 20% discount, thus resulting in a subscription price of €12.14 per share. For US employees the subscription price is equal to 85% of the Rexel share price on the Paris Stock Exchange on September 7, 2012, i.e. €13.76 per share.

In France, participating employees benefited from an employer matching contribution equal to 150% of the subscribed amount up to €200 and 50% from €201 to €500.

Outside France, employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

In the United Kingdom, a specific share incentive plan has been proposed to employees through a trustee. Subscription price will be the minimum of the Rexel share market value as measured on September 29, 2012 (€15.55) and on March 13, 2013. Employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a three-year service condition within the Group.

The settlement and delivery of the shares subscribed for pursuant to this plan took place in November 2012, except for the United Kingdom plan, scheduled in March 2013. The overall subscription was 3.7 million of euros. Benefits granted to employees resulted in personnel costs of €1.4 million before tax of which €0.9 million related to the discount granted to employees and €0.5 million related to the employer matching contribution offered to French beneficiaries for the period ended December 31, 2012.

16.4 Share-based payment expenses

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

	For the year ended December 31,	
(in millions of euros)	**2012**	**2011**
Plans issued in 2009	0.2	1.2
Plans issued in 2010	2.3	6.9
Plans issued in 2011	13.6	8.8
Plans issued in 2012	2.7	—
Expense related to employee share purchase plan	1.1	0.3
Total free share plans expense	**19.9**	**17.2**

17. EARNINGS PER SHARE

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

	For the year ended December 31,	
	2012	**2011**
Net income attributed to ordinary shareholders *(in millions of euros)*	***318.1***	***315.3***
Weighted average number of ordinary shares *(in thousands)*	267,931	264,688
Non dilutive potential shares *(in thousands)*	1,440	1,637
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***269,371***	***266,325***
Basic earning per share (in euros)	**1.18**	**1.18**
Net income attributed to ordinary shareholders *(in millions of euros)*	***318.1***	***315.3***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	269,371	266,325
Potential dilutive shares (in thousands)	2,822	2,331
—of which share options (in thousands)	*138*	*189*
—of which bonus shares (in thousands)[(1)]	*2,684*	*2,142*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***272,193***	***268,656***
Fully diluted earnings per share	**1.17**	**1.17**

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

18. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(in millions of euros)	As of December 31, 2012	2011
Provisions	75.2	125.3
Other non-current liabilities	26.6	32.3
Total	**101.8**	**157.6**

Other non-current liabilities essentially comprise the fair value of derivative instruments at €16.4 million (€22.9 million at December 31, 2011) (see note 21.1) and debts related to profit sharing schemes for French employees in the amount of €10.2 million (€9.4 million at December 31, 2011).

The variation in provisions is detailed in the table below:

(in millions of euros)	Restructuring	Tax litigation	Other litigation & warranty claims	Vacant properties	Total provisions
At January 1, 2011	**29.2**	**22.4**	**19.9**	**53.1**	**124.6**
Change in consolidation scope	(0.3)	—	1.4	(3.1)	**(2.0)**
Increase	15.5	1.6	15.7	15.3	**48.1**
Use	(20.3)	(2.8)	(1.7)	(16.4)	**(41.2)**
Release	(0.3)	(1.5)	(3.7)	(0.7)	**(6.2)**
Translation differencies	(0.2)	—	(0.1)	1.9	**1.6**
Other changes	(5.2)	—	(3.2)	8.8	**0.4**
At December 31, 2011	**18.4**	**19.7**	**28.3**	**58.9**	**125.3**
Change in consolidation scope	—	0.2	—	—	**0.2**
Increase	27.4	0.1	3.9	9.1	**40.5**
Use	(21.3)	(1.3)	(6.3)	(18.2)	**(47.1)**
Release	(0.5)	(12.2)	(2.5)	(28.9)	**(44.1)**
Translation differencies	—	—	—	1.1	**1.1**
Other changes	(0.1)	—	(0.5)	(0.1)	**(0.7)**
At December 31, 2012	**23.9**	**6.5**	**22.9**	**21.9**	**75.2**

Provisions mainly comprise:

- Provisions for redundancy plans to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, distribution centers and administrative headquarters. Provisions for restructuring activities undertaken at December 31, 2012, mainly concerned, Europe for €18.1 million (€15.3 million in 2011), North America for €4.8 million (€2.4 million in 2011) and Asia-Pacific for €1.1 million (€0.4 million in 2011).
- Tax litigation concerned mainly France for €4.2 million (€16.8 million in 2011) and Canada for €2.0 million (€2.5 million in 2011). In 2012, provisions for tax litigation were released by €12.2 million, of which €7.8 million following the favorable judgment of the French Administrative Court (see note 25.2).
- Other litigations and warranty claims amounted to €22.9 million (€28.3 million in 2011), of which €7.5 million (€8.8 million in 2011) relating to litigation with French social security authorities, €3.5 million for employee claims (€6.6 million in 2011) and €2.3 million for commercial litigations (€2.2 million in 2011);

- Provisions for lease commitments related to vacant properties concern mainly the United Kingdom for €11.0 million (€41.5 million in 2011), the United States for €6.0 million (€10.7 million in 2011) and France for €2.5 million (€2.7 million in 2011). As part of agreements entered into on December 21, 2012 in connection with the termination of a lease contract and the disposal of a vacant property in the United Kingdom, the provision for lease payments, previously accounted for as an onerous lease, was fully released for €28.4 million (see notes 12).

19. POST-EMPLOYMENT AND LONG-TERM BENEFITS

19.1 Defined benefit plans description

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees.

The most significant funded defined benefit pension plans sponsored by the Group are in Canada, in the United Kingdom, in The Netherlands and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the *Rexel UK Pension Scheme* fund. All sections under this plan are closed to new entrants with effect of April 5th 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee Board and the company. In that respect, the Trustee Board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The next valuation is due to be performed as at April 5, 2014. The Trustee Board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund "*Pension Kasse*", the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board "*Conseil de Fondation*" is responsible to set up adequate Company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return.

In The Netherlands, the main pension plan in force is a mix between defined benefit and defined contribution ("hybrid-type" plan). The defined benefit portion is subject to a ceiling. Above the defined benefit portion, a defined contribution section applies. Defined benefit pension plan is a salary average plan open for new entrants and managed through a Board, *Sagittarius Pension Fund.* This Board is responsible for applying the administration agreement, the contributions with the company, and determining the investment strategy of the plan so as to comply with minimum funding levels required by the Dutch regulator (DNB).

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan "SERP" which provides retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

For both plans, a valuation is performed every three years. Employee's plan next valuation is due on December 31, 2013. Last Executive's Pension Plan valuation was performed as of December 31, 2012.

19.2 Employee Benefit Plan information

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

	Defined benefit obligations					
(in millions of euros)	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
At January 1, 2011	**328.8**	**310.5**	**223.6**	**134.5**	**135.7**	**1,133.2**
Service cost	2.2	0.1	2.8	4.4	4.6	14.2
Interest cost	16.4	16.7	11.4	4.1	6.6	55.2
Benefit payments	(18.8)	(9.9)	(10.7)	(7.5)	(6.3)	(53.2)
Employee contributions	0.6	—	0.8	2.4	0.2	4.0
Change in consolidation scope	—	—	—	14.1	1.5	15.6
Translation differencies	—	10.1	3.0	4.1	1.9	19.0
Past service cost/settlement and other	—	—	—	(1.3)	—	(1.3)
Remeasurements						
Effect of change in financial assumptions	*11.1*	*12.0*	*25.4*	*1.6*	*0.2*	*50.3*
Effect of experience adjustments	*(6.2)*	*(4.1)*	*(1.6)*	*(3.2)*	*(0.6)*	*(15.7)*
At December 31, 2011	**334.2**	**335.5**	**254.7**	**153.0**	**144.0**	**1,221.3**
Service cost	2.3	0.1	3.8	4.5	4.8	15.5
Interest cost	16.5	16.2	11.4	4.2	6.6	54.9
Benefit payments	(18.8)	(11.3)	(11.5)	(6.3)	(6.8)	(54.7)
Employee contributions	0.6	—	0.8	2.6	0.3	4.3
Change in consolidation scope	—	—	—	—	1.7	1.7
Translation differencies	—	7.6	0.8	1.0	(0.2)	9.2
Past service cost/settlement and other	(3.0)	—	(0.7)	(1.8)	(1.1)	(6.6)
Remeasurements						
Effect of change in demographic assumptions	*0.2*	*0.2*	—	—	*(0.1)*	*0.3*
Effect of change in financial assumptions	*78.4*	*41.8*	*19.4*	*20.3*	*24.9*	*184.8*
Effect of experience adjustments	*(10.9)*	*7.0*	*(0.8)*	*(4.5)*	*0.8*	*(8.4)*
At December 31, 2012	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**

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

(in millions of euros)	Plan assets					
	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
At January 1, 2011	**364.3**	**228.7**	**158.0**	**121.3**	**48.4**	**920.7**
Employer contributions	3.1	14.5	7.7	3.7	5.2	34.1
Employee contributions	0.6	—	0.8	2.4	0.2	4.0
Interest income	18.8	11.2	7.8	4.1	2.3	44.2
Benefit payments	(18.8)	(9.9)	(10.7)	(7.5)	(6.3)	(53.2)
Change in consolidation scope	—	—	—	11.4	0.6	12.0
Translation differencies	—	9.2	1.7	3.7	0.8	15.4
Return on plan assets excluding interest income (OCI)	(21.4)	8.2	(4.7)	3.0	(1.6)	(16.6)
At December 31, 2011	**346.5**	**261.9**	**160.6**	**142.0**	**49.6**	**960.6**
Employer contributions	2.8	16.1	14.3	5.2	6.6	45.0
Employee contributions	0.6	—	0.8	2.6	0.3	4.3
Interest income	17.6	12.1	7.3	4.0	2.1	43.1
Benefit payments	(18.8)	(11.3)	(11.5)	(6.3)	(6.8)	(54.7)
Translation differencies	—	7.4	0.7	1.0	0.2	9.3
Return on plan assets excluding interest income (OCI)	33.7	4.4	1.7	0.2	2.1	42.1
At December 31, 2012	**382.4**	**290.6**	**173.9**	**148.7**	**54.1**	**1,049.7**

The change in the net liability/(asset) breaks down as follows:

(in millions of euros)	Net liability/(asset)					
	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
At January 1, 2011	**(35.4)**	**81.8**	**65.6**	**13.1**	**87.4**	**212.5**
Service cost	2.2	0.1	2.8	4.4	4.6	14.2
Interest cost	(2.4)	5.4	3.6	0.0	4.3	11.0
Past service cost/settlement and other	—	—	—	(1.3)	—	(1.3)
Employer contributions	(3.1)	(14.5)	(7.7)	(3.7)	(5.2)	(34.1)
Change in consolidation scope	—	—	—	2.7	0.9	3.6
Translation differencies	—	0.9	1.3	0.3	1.1	3.6
Remeasurements	26.3	(0.2)	28.5	(4.7)	1.2	51.2
At December 31, 2011	**(12.4)**	**73.6**	**94.1**	**10.9**	**94.3**	**260.7**
Service cost	2.3	0.1	3.8	4.5	4.8	15.5
Interest cost	(1.1)	4.1	4.1	0.2	4.5	11.8
Past service cost/settlement and other	(3.0)	—	(0.7)	(1.8)	(1.1)	(6.6)
Employer contributions	(2.8)	(16.1)	(14.3)	(5.2)	(6.6)	(45.0)
Change in consolidation scope	—	—	—	—	1.7	1.7
Translation differencies	—	0.2	0.1	—	(0.4)	(0.1)
Remeasurements	*34.0*	*44.6*	*16.9*	*15.6*	*23.5*	*134.6*
At December 31, 2012	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**

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

	Liability reconciliation					
(in millions of euros)	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
For the year ended December 31, 2011						
Defined benefit obligations	**334.2**	**335.5**	**254.7**	**153.0**	**144.0**	**1,221.3**
of which Funded schemes	*334.2*	*334.3*	*216.9*	*150.8*	*75.9*	*1,112.0*
of which Unfunded schemes	—	*1.2*	*37.8*	*2.2*	*68.1*	*109.3*
Fair value of plan assets	(346.5)	(261.9)	(160.6)	(142.0)	(49.6)	(960.6)
Recognized net liability for defined benefit obligations	**(12.4)**	**73.6**	**94.1**	**10.9**	**94.3**	**260.7**
of which "Employee benefits"	*5.6*	*73.6*	*94.1*	*10.9*	*96.0*	*280.4*
of which "Other financial assets"[(1)]	*(18.0)*	—	—	—	*(1.7)*	*(19.7)*
For the year ended December 31, 2012						
Defined benefit obligations	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**
of which Funded schemes	*399.5*	*395.7*	*236.1*	*170.6*	*91.7*	*1,293.6*
of which Unfunded schemes	—	*1.4*	*41.8*	*2.4*	*83.2*	*128.7*
Fair value of plan assets	(382.4)	(290.6)	(173.9)	(148.7)	(54.1)	(1,049.7)
Recognized net liability for defined benefit obligations	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**
of which "Employee benefits"	*17.0*	*106.5*	*104.0*	*24.2*	*120.7*	*372.6*
of which "Other financial assets"	—	—	—	—	—	—

(1) The €18.0 million surplus of the defined benefit plan assets over liabilities related to the Hagemeyer post-employment scheme in The Netherlands which is subject to minimum funding rules. Pursuant to the plan, the company is entitled to contribution holidays when the funding ratio is beyond 175%, and a refund of 80% of the surplus when the ratio is above 225% or upon termination of the plan for the amount of the surplus. As a result, no asset ceiling was recognized at December 31, 2011.

19.3 Re-measurements of the net defined benefit liability

(in millions of euros)	Other comprehensive income					
	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Return on plan assets excluding interest income	21.4	(8.2)	4.7	(3.0)	1.5	16.5
Effect of change in financial assumptions	11.1	12.0	25.4	1.6	0.1	50.2
Effect of experience adjustments	(6.2)	(4.1)	(1.6)	(3.5)	(0.5)	(15.9)
OCI recognized for the year ended December 31, 2011	**26.3**	**(0.2)**	**28.5**	**(5.0)**	**1.1**	**50.8**
Return on plan assets excluding interest income	(33.7)	(4.4)	(1.7)	(0.2)	(2.2)	(42.2)
Effect of change in demographic assumptions	0.2	0.2	—	—	(0.1)	0.3
Effect of change in financial assumptions	78.4	41.8	19.3	20.2	24.5	184.2
Effect of experience adjustments	(10.9)	7.0	(0.8)	(4.5)	0.7	(8.5)
OCI recognized for the year ended December 31, 2012	**34.0**	**44.6**	**16.8**	**15.5**	**22.9**	**133.8**

19.4 Employee Benefit expense

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

(in millions of euros)	Expense					
	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Service cost[(1)]	2.2	0.1	2.8	4.4	4.6	14.2
Past service costs[(1)]	—	—	—	(1.3)	—	(1.3)
Net Interest expense[(2)]	(2.4)	5.4	3.6	0.0	4.3	11.0
Other[(1)]	—	—	—	0.3	0.0	0.3
Expense recognized for the year ended December 31, 2011	**(0.1)**	**5.6**	**6.4**	**3.4**	**9.0**	**24.2**
Service costs[(1)]	2.3	0.1	3.8	4.5	4.8	15.5
Past service costs[(1)]	(3.0)	—	(0.7)	(1.8)	(1.1)	(6.6)
Net Interest expense[(2)]	(1.1)	4.1	4.1	0.2	4.5	11.8
Other[(1)]	—	—	—	0.1	0.5	0.6
Expense recognized for the year ended December 31, 2012	**(1.8)**	**4.2**	**7.2**	**3.0**	**8.7**	**21.3**

(1) Recognized as personnel costs (see note 6) and in other income (see note 7).

(2) Recognized as net financial expenses (see note 8).

Description of plan amendments and curtailments

In the Netherlands, following a reduction in workforce a curtailment gain was recognized for €0.8 million.

In addition, plan changes affecting retirement age, partner pension and conditional indexation have been implemented during 2012. The gain resulting from plan amendment was recognized in the income statement for €2.2 million.

The Swiss retirement plan was amended as a result of a decision of the Trustees Board to improve funding levels, comprising of a decrease in conversion rates and increase in future employee and employer contributions resulting in a gain of €1.8 million recognized in the income statement.

In Canada, medical care benefits rationalization of post-employment healthcare program have led to a reduction of the defined benefit obligation recognized in the income statement for €0.9 million.

19.5 Plan asset allocation

	Plan assets class			
(in millions of euros)	**Netherlands**	**United Kingdom**	**Canada**	**Switzerland**
Cash and cash equivalents	—	—	1.5	—
Equity instruments (quoted in an active market)	101.2	14.4	69.7	40.3
Debt instruments (quoted in an active market)	181.3	135.7	86.5	60.8
Real estate	—	—	—	23.4
Investment funds	—	105.3	—	—
Asset held by insurance company	64.0	—	—	—
Other	—	6.5	2.9	17.5
At December 31, 2011	**346.5**	**261.9**	**160.6**	**142.0**
Cash and cash equivalents	—	30.5	0.8	—
Equity instruments (quoted in an active market)	109.1	16.2	75.2	44.6
Debt instruments (quoted in an active market)	190.0	107.9	94.5	66.9
Real estate	—	—	—	26.8
Investment funds	—	135.4	—	—
Asset held by insurance company	83.3	—	—	—
Other	—	0.6	3.4	10.4
At December 31, 2012	**382.4**	**290.6**	**173.9**	**148.7**

19.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	Netherlands		**United Kingdom**		**Canada**		**Switzerland**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Average plan duration (years)	15	12	17	16	13	14	12	10
Discount rate (%)	3.25	5.25	4.00	4.70	3.98	4.48	1.75	2.75
Future salary increases (%)	3.75	3.75	3.50	3.50	3.00	3.00	2.00	2.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash-flows, results in the same interest cost as the application of the individual rates would have produced.

19.7 Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

- **Volatility in discount rates and inflation**

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

- **Volatility in asset values**

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	Sensitivity to a 25 basis points decrease in discount rate					
(in millions of euros)	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Service cost	0.1	—	0.2	0.1	0.1	0.5
Defined Benefit Obligation	14.7	16.4	8.8	5.0	4.3	49.2

	Sensitivity to a 10% downturn in financial market					
(in millions of euros)	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Plan assets	(10.9)	(1.6)	(7.5)	(4.5)	(2.1)	(26.6)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- Closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights,
- Rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps,

– Selective additional cash contributions to increase funding level, on top of regular contributions,

– Inflation and Interest rate hedging,

– Adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration,

– Regular meetings with trustees, and

– Periodic review of investment performance by independent advisors to monitor investment volatility.

19.8 Expected cash flows

(in millions of euros)	Expected cash flow					
	Netherlands	United Kingdom	Canada	Switzerland	Other	Group
Expected benefit payments for 2013	18.1	9.2	16.0	6.4	13.4	63.1
Expected benefit payments for 2014	18.6	9.5	16.7	6.2	7.5	58.5
Expected benefit payments for 2015	18.8	10.4	17.4	6.1	10.9	63.5
Expected benefit payments for 2016	18.8	10.7	18.0	6.2	8.8	62.4
Expected benefit payments for 2017 and after	115.5	78.8	122.1	52.9	78.6	447.9
Expected benefit contributions for 2013	2.8	16.1	14.3	5.2	6.6	45.0

20. FINANCIAL LIABILITIES

This note provides information on financial liabilities as of December 31, 2012. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

20.1 Net financial debt

(in millions of euros)	As of December 31, 2012			As of December 31, 2011		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes	—	1,504.3	1,504.3	—	1,181.4	1,181.4
Credit Facilities	—	25.9	25.9	—	30.6	30.6
Securitization	351.7	747.8	1,099.5	105.9	973.5	1,079.4
Bank loans	43.3	16.7	60.0	39.7	8.1	47.8
Commercial paper	114.8	—	114.8	104.8	—	104.8
Bank overdrafts and other credit facilities	77.6	—	77.6	86.0	—	86.0
Finance lease obligations	51.2	31.1	82.3	6.8	22.9	29.7
Accrued interests[(1)]	9.4	—	9.4	10.0	—	10.0
Less transaction costs	(20.5)	(22.6)	(43.1)	(19.8)	(33.9)	(53.7)
Total financial debt and accrued interest	***627.6***	***2,303.2***	***2,930.8***	***333.5***	***2,182.6***	***2,516.0***
Cash and cash equivalents			(291.9)			(413.7)
Fair value hedge derivatives			(39.8)			(24.1)
Net financial debt			**2,599.2**			**2,078.2**

(1) Of which accrued interests on Senior Notes for €4.5 million as of December 31, 2012 (€3.5 million as of December 31, 2011).

20.1.1 Senior notes

	As of December 31, 2012				As of December 31, 2011			
	Nominal amount	**Nominal amount**	Fair value adjustments	**Total**	**Nominal amount**	**Nominal amount**	Fair value adjustments	**Total**
	(in millions of currency)	*(in millions of euros)*			*(in millions of currency)*	*(in millions of euros)*		
Senior notes due 2016	EUR 586.3	586.3	43.7	**630.0**	EUR 650.0	650.0	42.7	**692.7**
Senior notes due 2018	EUR 488.8	488.8	5.4	**494.2**	EUR 488.8	488.8	—	**488.8**
Senior notes due 2019	USD 500.0	379.0	1.2	**380.1**	—	—	—	**—**
Total		1,454.1	50.3	**1,504.3**		1,138.8	42.7	**1,181.4**

Senior notes due 2016

On December 21, 2009, Rexel issued senior unsecured notes for a nominal amount of €575 million. The funds raised were used to refinance part of the debt obligation related to the previous Senior Credit Agreement. The notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel pays interest on the Notes semi-annually on June 15 and December 15, starting from June 15, 2010. The notes will mature on December 15, 2016. On January 20, 2010, an additional €75 million principal amount of these notes were issued at a price of 102.33% of their nominal amount (i.e. an issuance price of €76.7 million). The additional notes were fully assimilated to the original notes and have identical terms and conditions.

Notes due 2016 and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt. These notes are redeemable in whole or in part at any time prior to December 15, 2013 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2013, the notes are redeemable in whole or in part by paying the redemption price set forth below:

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

In the first half of 2012, Rexel bought-out €63.8 million nominal amount of senior notes due December 15, 2016, at their market value of €69.6 million. This transaction resulted in a net financial expense of 1.0 M€ after taking into consideration the impact of fair value hedging adjustment.

As of December 31, 2012, the fair value of notes due 2016 is hedged for an amount of €386.3 million (€200 million as of December 31, 2011). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Notes due 2018

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel pays interest on the Notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The notes will mature on December 17, 2018.

Notes due 2018 and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

Notes due 2018 are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued

and unpaid interest. On or after June 17, 2015, the Notes are redeemable in whole or in part by paying the redemption price set forth below.

Redemption period beginning on:	Redemption price (as a % of principal amount)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the Notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2012, the fair value of Senior Notes due 2018 is hedged for an amount of €300 million (nil as of December 31, 2011). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Notes due 2019

On March 28, 2012, Rexel issued US$400 million (€299.9 million) senior unsecured notes. The notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. They are listed on the Luxembourg Stock Exchange. On April 23, 2012, an additional US$100 million principal amount of these notes was issued at a price of 100.75% of nominal (i.e. an issuance price of €76.7 million). The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The notes will mature on December 15, 2019.

The notes are redeemable in whole or in part at any time prior to December 15, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

Redemption period beginning on:	Redemption price (as a % of principal amount)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

In addition, at any time on or prior to June 15, 2015, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2012, the fair value of notes due 2019 is hedged for an amount of US$300.0 million (€227.4 million). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

20.1.2 Senior Credit Agreement

On December 21, 2009, Rexel entered into a €1,700 million credit facilities agreement which provided for two facilities:

- Facility A, a three-year multi-currency revolving credit facility, for an initial maximum amount of €600 million, which matured in December 2012 and therefore is no longer available,
- Facility B, a five-year multi-currency revolving credit facility, for an initial maximum amount of €1,100 million, reduced by €25.9 million in 2010 following the execution of a bilateral term loan agreement.

As of December 31, 2012, the bilateral term loan agreement was drawn at the level of its maximum level of €25.9 million, and the total available amount of €1,074.1 million on Facility B under the Senior Credit Agreement remained unused:

Credit Facility	Commitment	Balance due as of December 31, 2012		Balance due as of December 31, 2011	
	(in millions of euros)	*(in millions of local currency)*	*(in millions of euros)*	*(in millions of local currency)*	*(in millions of euros)*
Facility B under Senior Credit Agreement	1,074.1	—	—	—	—
Bilateral facility	25.9	EUR 25.9	25.9	EUR 30.6	30.6
Total	**1,100.0**		**25.9**		**30.6**

Interests and margin

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio.

At December 31, 2012 the applicable margin stood at 2.00% (Facility B).

The margin applicable varies in accordance with the ranges in which the Pro Forma Leverage Ratio (as defined below) falls at the end of each semester as set out below:

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

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

- 0.25% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and
- 0.50% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

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

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's consolidated financial statements and:

- includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;
- includes proceeds relating to commodity price derivatives to hedge exposure to price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;
- excludes expenses relating to employee profit sharing and any share based payments or the granting of share subscription options;
- excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions;
- adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

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

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

Commitments

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

Date	Indebtedness Ratio
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2012, this ratio was 2.95, in compliance with the provisions of the Senior Credit Agreement.

Other undertakings

The Senior Credit Agreement contains covenants relating to limits on capital expenditure and restrictions on dividend payments when the Leverage Ratio *pro forma* exceeds 4.00:1.

Other covenants

The Senior Credit Agreement contains certain covenants that restrict the capacity of Group companies, parties to that Agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests; (iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

Prepayment

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of borrowers and guarantors.

20.1.3 Securitization programs

The Rexel Group runs several securitization programs presented in the table below, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

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

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization vehicle's subordinated notes.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of the off-balance sheet US program such as disclosed in note 11.2, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of December 31, 2012, Rexel had satisfied all of these covenants.

The features of Rexel's securitization programs including the off-balance sheet programs are summarized in the table below:

Program	Commitment	Amount of receivables assigned as of December 31, 2012	Amount drawn down as of December 31, 2012	Balance as of December 31, 2012	Balance as of December 31, 2011	Repayment
	(in millions of currency)			*(in millions of euros)*		
2011 — Europe and Australia	EUR 425.0	EUR 572.6	EUR 422.3	422.3	428.6	12/16/2016
United States	USD 470.0	USD 501.9	USD 370.4	280.7	289.0	12/18/2015
Canada[(1)]	CAD 190.0	CAD 279.5	CAD 190.0	144.6	105.9	11/17/2017
2008 — Europe	EUR 384.0	EUR 535.9	EUR 351.8	351.8	358.7	12/17/2013
TOTAL				**1,199.5**	**1,182.2**	
Of which: — on balance sheet:				***1,099.6***	***1,079.4***	
— off balance sheet (Ester program):				***99.9***	***102.8***	

(1) On November 19th, 2012, Rexel renewed the securitization program in Canada over a five-year period.

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of December 31, 2012, the total outstanding amount authorized for these securitization programs was €1,309.9 million, of which €1,199.5 million was utilized.

20.1.4 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with fixed maturities ranging from one to three months depending on the notes issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2012, the company had issued €114.8 million of commercial paper (€104.8 million as of December 31, 2011).

20.2 Change in net financial debt

As of December 31, 2012 and 2011, the change in net financial debt was as follows:

(in millions of euros)	For the period ended December 31, 2012	For the period ended December 31, 2011
At January 1	**2,078.2**	**2,273.3**
Issuance of senior notes	376.6	500.0
Buy-out of senior notes	(69.1)	(11.3)
Net change in term loan facilities	2.6	(695.9)
Transaction costs	(10.6)	(10.4)
Net change in other credit facilities and bank overdrafts	(9.0)	94.4
Net change in credit facilities	**290.6**	**(123.1)**
Net change in securitization	14.8	(5.0)
Net change in finance lease liabilities	9.4	16.5
Net change in financial liabilities	***314.8***	***(111.6)***
Change in cash and cash equivalents	125.8	(145.9)
Translation differences	(8.5)	22.3
Effect of changes in consolidation scope on gross indebtedness	27.4	14.3
Amortization of transaction costs	21.1	20.0
Other changes[(1)]	40.2	5.8
At December 31	**2,599.2**	**2,078.2**

(1) Of which €43.4 million relating to the recognition of financial lease obligation following amendments to lease agreement of vacant properties in the United Kingdom (see note 12).

21. MARKET RISKS AND FINANCIAL INSTRUMENTS

21.1 Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80% of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

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

(in millions of euros)	As of December 31, 2012	2011
Senior Notes and other fixed rate debt	1,522.1	1,168.2
Floating to fixed rate swaps	1,026.1	1,330.0
Fixed to floating rate swaps	(938.7)	(475.0)
Sub total fixed or capped rate instruments	**1,609.5**	**2,023.3**
Floating rate debt before hedging	1,369.0	1,323.6
Floating to fixed rate swaps	(1,026.1)	(1,330.0)
Fixed to floating rate swaps	938.7	475.0
Cash and cash equivalents	(291.9)	(413.7)
Sub total floating rate debt instruments	**989.7**	**54.9**
Total net financial debt	**2,599.2**	**2,078.2**

Fair value hedge derivatives

As of December 31, 2012, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	Total notional amount *(in millions of currency)*	Total notional amount *(in millions of euros)*	Maturity	Weighted average fixed rate received	Floating rate paid	Fair value[1] *(in millions of euros)*
Swaps paying variable rate						
Euro	386.3	386.3	December 2016	2.73%	3M Euribor	34.5
Euro	300.0	300.0	December 2018	1.08%	3M Euribor	5.1
American dollar	300.0	227.4	December 2019	1.31%	3M Libor	0.9
Total		**913.7**				**40.4**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.6 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

The change in fair value of these fair value hedging swaps for the period ending December 31, 2012 represented a gain of €18.0 million, partially offset by a loss of €7.6 million resulting from the change in the fair value of the Senior Notes.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature until March 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2012, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount	Total notional amount	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value(1)
	(in millions of currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Euro	200.0	200.0	March 2014	1M Euribor	2.12%	(8.2)
Canadian dollar	40.0	30.4	March 2013	3M Libor	2.72%	(0.1)
	100.0	76.1	September 2013	3M Libor	1.57%	(0.1)
American dollar	140.0	106.1	March 2013	3M Libor	2.82%	(0.7)
British pound	25.0	30.6	March 2013	3M Libor	0.93%	—
Total		**443.3**				**(9.2)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €3.4 million

The change in fair value of the cash flow hedging instruments for the period ending December 31, 2012 was recorded as a €4.1 million increase in cash-flow hedge reserve (before tax).

Derivatives not eligible for hedge accounting

	Total notional amount	Total notional amount	Maturity	Floating rate received (paid)	Weighted average fixed rate paid (received)	Fair value(1)
	(in millions of currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Canadian dollar	30.0	22.8	March 2013	3M Libor	2.72%	(0.1)
Swiss franc	40.0	33.1	March 2013	3M Libor	0.94%	(0.1)
	90.0	74.6	March 2014	3M Libor	0.81%	(1.2)
	100.0	82.8	March 2015	3M Libor	(0.02)%	—
American dollar	140.0	106.1	March 2013	3M Libor	2.82%	(0.7)
	100.0	75.8	September 2014	3M Libor	1.56%	(1.6)
Euro	100.0	100.0	March 2013	3M Euribor	2.29%	(0.5)
	25.0	25.0	December 2016	3M Euribor	1.85%	(1.4)
	62.5	62.5	May 2018	6M Euribor	3.21%	(9.1)
Total		**582.8**				**(14.8)**
Swaps paying variable rate						
Euro	25.0	25.0	December 2016	(3M Euribor)	(2.89%)	2.4

(1) Derivative instruments are presented at fair value, including accrued interest payable of €2.0 million

Sensitivity to interest rate variation

As of December 31, 2012, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €9.9 million and a €11.2 million rise in the fair value of the hedging instruments, of which a €8.5 million financial income and a €2.7 million gain in other comprehensive income, before tax effect.

21.2 Foreign exchange risk

Forward contracts

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

As of December 31, 2012, the notional value of foreign exchange derivatives was €1,396.4 million (€1,527.9 million of forward sales and €131.5 million of forward purchases). Forward contracts are recognized at their fair value for a net positive amount of €1.6 million. The change in fair value of forward contracts for the period ending December 31, 2012 was recorded as financial income of €8.0 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €311.3 million and a decrease (increase) in operating income before other income and other expenses of €15.5 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2012 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €96.4 million and €90.4 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krone	Swedish krona	British pound	Swiss franc	Other currencies	Total
Financial liabilities	1,787.6	582.4	145.1	105.0	2.1	1.1	197.8	2.4	67.5	2,891.0
Cash and cash equivalents	282.2	(135.8)	(82.5)	(260.3)	(20.4)	(6.0)	(15.4)	(14.5)	(39.2)	(291.9)
Net financial position before hedging	**2,069.8**	**446.6**	**62.6**	**(155.3)**	**(18.3)**	**(4.9)**	**182.4**	**(12.1)**	**28.4**	**2,599.2**
Impact of hedges	(1,398.0)	509.4	180.2	281.4	39.2	196.6	(97.1)	246.4	41.9	(0.0)
Net financial position after hedging	**671.8**	**956.0**	**242.9**	**126.1**	**20.9**	**191.7**	**85.3**	**234.3**	**70.3**	**2,599.2**
Impact of a 5% increase in exchange rates	—	*47.8*	*12.1*	*6.3*	*1.0*	*9.6*	*4.3*	*11.7*	*3.5*	*96.4*

21.3 Liquidity Risk

The €650 million Senior Notes, issued in December 2009 and January 2010, mature in December 2016, the €500 million Senior Notes issued in May 2011 mature in December 2018, and the US$500 million Senior Noted issued in April 2012 mature in December 2019.

Facility A under the Senior Credit Agreement expired in December 2012. Facility B under the Senior Credit Agreement and the bilateral credit agreement expire in December 2014 for a total amount of €1,100 million.

Moreover, these credit lines would become payable if Rexel failed to fulfill its commitments described in note 20.1.2.

Lastly, securitization programs mature in 2013, 2015, 2016, and 2017. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	As of December 31, 2012	2011
Due within		
One year	648.1	353.3
Two years	198.0	363.4
Three years	34.7	225.1
Four years	1,065.2	7.3
Five years	147.8	1,114.2
Thereafter	880.1	506.4
Total financial debt	**2,973.9**	**2,569.7**
Transaction costs	(43.1)	(53.7)
Financial debt	**2,930.8**	**2,516.0**

As of December 31, 2012, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	Financial debt & interests	Derivatives	Total
Due within			
One year	791.9	(5.5)	786.4
Two years	325.2	(10.5)	314.7
Three years	158.4	(10.2)	148.1
Four years	1,189.1	(6.7)	1,182.4
Five years	208.6	2.5	211.1
Thereafter	961.1	6.6	967.7
Total financial debt	**3,634.2**	**(23.8)**	**3,610.4**

In addition, the trade accounts payable amounted to €1,937.2 million as of December 31, 2012 (€1,903.3 million as of December 31, 2011) and are due in less than one year.

21.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The maximum risk corresponding to the total accounts receivable after guarantees and impairment amounted to €2,123.9 million and is detailed in note 11.2 Trade receivables.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €342.1 million as of December 31, 2012 (€443.2 million as of December 31, 2011), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €491.7 million (€469.5 million as of December 31, 2011) and mainly corresponds to supplier discounts receivable.

22. SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	IFRS 7 Hierarchy*	As of December 31, 2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Bonds	AC	1	1,504.3	1,590.6	1,181.4	1,149.3
Other financial debts, including accrued interest	AC		1,426.5	1,426.5	1,334.6	1,334.6
Total financial liabilities			**2,930.8**		**2,516.0**	
Hedging derivatives[1]	N/A	2	4.9	4.9	11.2	11.2
Other derivatives	TR	2	11.5	11.5	11.6	11.6
Other liabilities[2]	N/A		10.2	N/A	9.4	N/A
Total other non-current liabilities			**26.6**		**32.3**	
Trade accounts payable	AC		**1,937.2**	**1,937.2**	**1,903.3**	**1,903.3**
Vendor rebates receivable	AC		114.6	114.6	115.2	115.2
Personnel and social obligations[2]	N/A		260.5	N/A	261.4	N/A
VAT payable and other sales taxes[2]	N/A		69.8	N/A	73.9	N/A
Hedging derivatives[1]	N/A	2	0.8	0.8	0.3	0.3
Other derivatives	TR	2	7.6	7.6	9.6	9.6
Other liabilities	AC		201.1	201.1	187.4	187.4
Deferred income	N/A		6.7	N/A	5.1	N/A
Total other debts			**661.1**		**652.9**	
Financial liabilities — stated at amortized cost	AC					
Held for trading	TR					
Fair value through profit or loss	FV					
Not applicable	N/A					

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

* For IFRS 7 hierarchy see note 2.10.4.

23. OPERATING LEASES

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancelable leases:

(in millions of euros)	Payments outstanding as of December 31, 2012	2011
Due within		
One year	201.9	189.6
Two years	148.8	142.5
Three years	106.8	104.0
Four years	69.3	71.6
Thereafter	130.4	123.7
Total	**657.2**	**631.4**

The total expense under operating lease contracts was €226.2 million for the year ended December 31, 2012 (€210.1 million as of December 31, 2011).

24. RELATED PARTY TRANSACTIONS

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, 2012	2011
Salaries and other short-term benefits	16.0	12.4
Post-employment benefits (service costs)	1.0	0.9
Indemnities at termination of contract	3.2	—
Free shares and stocks options[1]	8.3	3.8

(1) Share-based payment expense is detailed in Note 16.1 — Free shares schemes.

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

In the event of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €14.2 million.

Dividends received from associates

In 2012, DPI Incorporated, an entity consolidated as an associate, paid a dividend of €3.8 million to the Group (€0.6 million in 2011).

25. LITIGATION

25.1 Litigation

The Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an

outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceeding is set out below.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim against the Group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. Based on the current situation, the Group is therefore unable to predict the financial consequences that may result from these proceedings.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

25.2 Tax litigation

The principal tax proceedings involving Group companies as of December 31, 2012 are described below:

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium was subject to a tax reassessment for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of this tax reassessment, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2011 amounts to €78.0 million. All reassessments have been challenged by Manudax Belgium.

The statute of limitations has expired for claims against Manudax's shareholder. Accordingly, the recoverable amount is limited by the Manudax assets under liquidation, a value estimated at €14 million. Since the Group's shareholding in Manudax has been entirely written down, Rexel considers that the outcome of this litigation should not impact its financial condition.

Rexel Développement

In 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global Partners Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to have been rendered in the business interests of the company and are classified as constructive dividends. The taxes reassessed amounted to €22 million including interest for late payment, and a notice was issued to this effect in February 2010. Rexel Développement filed an application with the Administrative Court in December 2010 and a judgment was passed in June 2012, according to which all tax reassessments were rejected. As this judgment became final (no appeal), the provisions set aside in previous years were fully released in the fourth quarter of 2012.

Rexel Distribution (absorbed by Rexel Développement in 2011)

The French tax authorities alleged that the selling price of Rexel Distribution's shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg, was €46 million lower than its market value, resulting in an income tax reassessment of €18 million, which was covered in full by a provision. In March 2011, the case was referred to the Administrative Court, which issued a judgment in November 2012 rejecting the tax reassessment entirely. The tax authorities lodged an appeal in January 2013.

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

25.3 Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain subsidiaries. These warranties had not been called as of the balance sheet date, except where stated otherwise.

Warranties given in connection with the sale of Hagemeyer Brands Australia Pty Limited

Effective on July 28, 2011, the Group sold to Shriro Australia Pty Ltd its subsidiary, Hagemeyer Brands Australia Pty Ltd, a company involved in the distribution of kitchen appliances in Australia for an amount of AUD54 million. The Group provided to the purchaser certain warranties limited to a maximum amount of AUD21.6 million for business liabilities and AUD43.2 million for tax liabilities, and in any case a total amount not exceeding the sale price of AUD54 million. Warranty of business liabilities expires over a 18-month period and warranty for tax claim over a 5-year period after completion of the sale transaction.

Tax warranties

In connection with previous divestment transactions, the Group is committed to indemnify the purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.

As of December 31, 2012, only Techpac Holdings Ltd has notified to Hagemeyer N.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as "Vendors" and Techpac Holdings Ltd as "Purchaser" ("the SSA"). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer N.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT for all of the

properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

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

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

26. EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2012 that would have a significant impact on Rexel's financial situation.

27. CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2012

All subsidiaries are fully integrated.

	Head office	% Interest
FRANCE		
Holding companies and Group services companies		
Rexel S.A.	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Rexel Financement S.N.C.	Paris	100.00
Rexel Amérique Latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Société Coaxel Toulousaine	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Bastia	100.00
SCI Adour Bastillac	Paris	70.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
Bizline S.A.S.	Paris	100.00
Citadel S.A.S.	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa S.A.S	Rosny sous Bois	100.00
R-Scan	Pacé	100.00
Distodiag	Pacé	100.00
Enerlogy	Pacé	100.00
SBEM	Pacé	100.00
Eurobat	Croissy-Beaubourg	100.00
Eurodis Sécurité	Croissy-Beaubourg	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Simple System GmbH & Co KG	Munich	20.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deuthschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00
Senate Group Ltd	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Dagenham	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00
Neilco Ltd.	Birmingham	100.00
Warrior Ltd.	Birmingham	100.00

	Head office	% Interest
Newey & Eyre International Ltd.	Birmingham	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00
Rexel Pension Trustees Ltd.	Birmingham	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00
A&A Security Technologies Limited	Birmingham	100.00
Defiance Contractor Tools Limited	Birmingham	100.00
J&N Wade Limited	Dagenham	100.00
OLC Limited	Dagenham	100.00
Sweden		
Rexel Sverige AB	Alvsjô	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
B.V. Electrotechnische Groothandel J.K. Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer NV	Hoofddorp	100.00
Rexel NCE Supply Solutions B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel NCE B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Agrate Brianza	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Erka Bizkaia, S.L.	Loiu	100.00
Erka Materiales Eléctricos, S.L.	Renteria	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Brussels	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Dublin	100.00
Gen-Weld safety EquipementCy Ltd	Limerick	100.00
Hagemeyer Industrial Ireland Ltd.	Limerick	100.00

	Head office	% Interest
Switzerland		
Rexel Holding Switzerland S.A.	Sion	100.00
Elektro Material AG	Zurich	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
REXEL RE S.A.	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Prostejov	100.00
Slovakia		
Hagard Hal AS	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services LLC	Budapest	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Elektroskandia Suomi Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00
SOUTH AMERICA		
Peru		
REXEL PERU S.A.C.	Lima	100.00
V y F Tecnología Comercial S.A.C.	Lima	100.00
Distribuidora Romero SRL	Trujillo	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Delamano Montagens e Instalações Industriais.	Santo Andre	100.00
Nortel Suprimentos Industrias S.A.	Campinas	100.00
MRO IMPORTACOES LTDA.	Curitiba	100.00
Etil Comércio de Material Elétrico Ltda.	Sao Paulo	100.00
NORTH AMERICA		
United States		
Rexel Holdings USA Corp.	Wilmington	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00

	Head office	% Interest
SPT Holdings Inc.	Dallas	100.00
Summers Group Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
Branch Group Inc.	Dallas	100.00
Southern Electric Supply Company Inc.	Dallas	100.00
Consolidated Electrical Supply Limited	Freeport	99.80
General Supply & Services Inc.	Shelton	100.00
Gesco General Supply & Services Puerto Rico LLC	Puerto Rico	100.00
General Supply & Services Malaysia LLC	Shelton	100.00
General Supply & Services Macau LLC	Shelton	100.00
General Supply & Services Indonesia LLC	Shelton	100.00
General Supply & Services SA Holding LLC	Shelton	100.00
Platt Electric Supply, Inc.	Dallas	100.00
Munro Distributing Co., Inc.	Dallas	100.00
Energy Source, LLC	Fall River	50.01
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	St Laurent	100.00
Liteco Inc.	Fredericton	100.00
Mexico		
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00
Bermuda		
HCL Limited	Hamilton	100.00
ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd	Hong Kong	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00
LuckyWell Int'l Investment LTD	Hong Kong	100.00
China		
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65.00
Zhejiang Huazhang Automation Equipment Co., Ltd.	Huanzhou	70.00
GE Supply (Shanghai) Co. Ltd.	Shanghai	100.00
Rexel China Management Co Ltd	Shanghai	100.00
Suzhou Xidian Co Ltd	Suzhou	100.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
Beijing LuckyWell-ZN Electrical Co., Ltd	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co., Ltd	Beijing	65.00
Henan Qixin Automation Equipment Co., Ltd.	Zhengzhou	65.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
India		
Yantra Automotion Private Limited	Pune	100.00
Rexel India Private Limited	Mumbai	100.00
A.D. Electronics Private Limited	Mumbai	100.00

	Head office	% Interest
Macau SAR		
Gexpro Supply (Macau) Company Limited	Macau	100.00
Korea		
Gexpro korea Co. Ltd	Seoul	100.00
Indonesia		
P.T. Sutra Hacelindo	Jakarta	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00
Pt General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00
Singapore		
Gexpro Asia Pte Ltd	Singapore	100.00
Rexel South East Asia Pte. Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co Ltd	Bangkok	49.00
Australia		
Rexel Holdings Australia Pty Ltd	Sydney	100.00
Rexel Electrical Supplies Pty Ltd	Sydney	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00
EIW Holding Pty Ltd	Perth	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
United Arab Emirats		
Redco FZE	Dubaï	100.00

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

CONSOLIDATED INCOME STATEMENT

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

CONSOLIDATED BALANCE SHEET

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	For the year ended December 31, 2011	2010
Cash flows from operating activities			
Operating income		596.9	485.4
Depreciation, amortization and impairment of assets	*5 - 7*	176.1	139.8
Employee benefits		(19.8)	(15.5)
Change in other provisions		1.7	(47.6)
Other non-cash operating items		(15.6)	18.1
Interest paid		(155.4)	(160.7)
Income tax paid		(85.9)	(36.9)
Operating cash flows before change in working capital requirements		***498.0***	***382.6***
Change in inventories		(27.5)	(26.6)
Change in trade receivables		(68.4)	(48.8)
Change in trade payables		12.9	121.6
Changes in other working capital items		13.1	(4.2)
Change in working capital requirements		***(69.9)***	***42.0***
Net cash from operating activities		**428.1**	**424.6**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(94.8)	(59.4)
Proceeds from disposal of property, plant and equipment		26.4	7.0
Acquisition of subsidiaries, net of cash acquired	*3.1*	(100.5)	(67.3)
Proceeds from disposal of subsidiaries, net of cash disposed		44.8	13.3
Change in long-term investments		(0.6)	(1.8)
Dividends received from associates		0.6	1.4
Net cash from investing activities		**(124.1)**	**(106.8)**
Cash flows from financing activities			
Capital increase	*14*	2.4	9.7
Contribution received from minority shareholders		0.8	—
Disposal / (Purchase) of treasury shares		(30.8)	1.1
Net change in credit facilities and other financial borrowings	*19.2*	(122.8)	(303.6)
Net change in securitization	*19.2*	(5.0)	(34.3)
Net change in finance lease liabilities	*19.2*	16.5	(5.2)
Dividends paid	*14*	(19.2)	(0.1)
Net cash from financing activities		**(158.1)**	**(332.4)**
Net (decrease) / increase in cash and cash equivalents		**145.9**	**(14.6)**
Cash and cash equivalents at the beginning of the period	*12*	311.9	359.6
Effect of exchange rate changes on cash and cash equivalents		(44.1)	(33.1)
Cash and cash equivalents at the end of the period	*12*	**413.7**	**311.9**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Note	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Total attributable to the Group	Non-controlling interests	Total
For the year ended December 31, 2010									
At January 1, 2010		**1,291.1**	**1,392.2**	**789.2**	**(39.2)**	**(29.1)**	**3,404.2**	**7.8**	**3,412.0**
Net income		—	—	228.5	—	—	**228.5**	0.7	229.2
Other comprehensive income		—	—	—	162.1	9.8	**171.9**	0.8	172.7
Total comprehensive income for the period		**—**	**—**	**228.5**	**162.1**	**9.8**	**400.4**	**1.5**	**401.9**
Share capital increase	*14*	**9.9**	**(8.5)**	**8.9**	**—**	**—**	**10.3**	**—**	10.3
Share based payment	*14*	—	—	9.8	—	—	**9.8**	**—**	9.8
Disposal (Purchase) of treasury shares		—	—	0.4	—	—	**0.4**	—	0.4
At December 31, 2010		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**3,825.1**	**9.3**	**3,834.4**
For the year ended December 31, 2011									
At January 1, 2011		**1,301.0**	**1,383.7**	**1,036.8**	**122.9**	**(19.3)**	**3,825.1**	**9.3**	**3,834.4**
Net income		—	—	318.3	—	—	**318.3**	0.7	319.0
Other comprehensive income		—	—	—	9.1	13.5	**22.6**	0.9	23.5
Total comprehensive income for the period		**—**	**—**	**318.3**	**9.1**	**13.5**	**340.9**	**1.6**	**342.5**
Dividends paid	*14*	—	—	(105.2)	—	—	**(105.2)**	(0.2)	(105.4)
Share capital increase	*14*	43.1	28.5	17.0	—	—	**88.6**	0.8	89.4
Share-based payments[1]		—	—	19.6	—	—	**19.6**	—	19.6
Disposal (Purchase) of treasury shares		—	—	(29.7)	—	—	**(29.7)**	—	(29.7)
At December 31, 2011		**1,344.1**	**1,412.2**	**1,256.8**	**132.0**	**(5.8)**	**4,139.3**	**11.5**	**4,150.8**

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

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

ACCOMPANYING NOTES

1. GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as "the Group" or "Rexel").

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China).

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The consolidated financial statements (hereafter referred to as "the financial statements") for the period ending December 31, 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force and mandatory as at December 31, 2011.

IFRS as adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 Basis of Preparation

The financial statements as at December 31, 2011 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

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

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

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

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

— Business combinations (notes 2.5 and 3)

— Impairment of intangible assets and goodwill (notes 2.5, 2.8, and 10.1)

— Employee benefits (notes 2.14 and 18)

— Provisions and contingent liabilities (notes 2.16, 17, and 24)

— Measurement of financial instruments (notes 12.10.4 and 20)

— Recognition of deferred tax assets (notes 2.20 and 9)

— Measurement of share-based payments (notes 2.15 and 15)

2.2.1 New accounting standards and interpretations in effect starting from 2011.

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

— Amendment to IAS 32 "Financial Instruments: Presentation — Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

— The revised version of IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity.

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

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

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

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

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

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

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

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

— IFRS 10 "Consolidated Financial Statements" provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes

IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation — Special Purpose Entities”.

— IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.

— IFRS 12 “Disclosures of Interests in Other Entities” combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

— IFRS 13 “Fair Value Measurement” defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

— The amendment to IAS 19 “Employee Benefits”:

  — eliminates the option to defer the recognition of actuarial gains and losses, under the “corridor method”,

  — removes the concept of expected returns on plan assets,

  — changes the recognition method of past service costs which are no longer expensed on a straight-line basis over the average period until the benefits become vested,

  — updates the presentation of changes in assets and liabilities arising from defined benefit plans, including a requirement to present the remeasurements in other comprehensive income (OCI), and

  — increases the disclosure requirements for defined benefit plans, including the disclosure of information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

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

  — IAS 27 “Separate Financial Statements” now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and

  — IAS 28 “Investments in Associates and Joint Ventures” prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of December 31, 2011. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, present and potential exercisable voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. The financial statements for subsidiaries are prepared for the period

corresponding to that for the presentation of the Group's consolidated financial statements using consistent accounting policies. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated in preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

— Derecognizes the assets (including goodwill) and liabilities of the subsidiary

— Derecognizes the carrying amount of any non-controlling interests

— Derecognizes the foreign currency translation recorded in equity

— Recognizes the fair value of the consideration received

— Recognizes the fair value of any investment retained

— Recognizes any benefit or deficit in profit or loss

— Reclassifies components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate

2.4 Foreign Currency Translation

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

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

Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied (see note 2.10.5) . Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign Operations

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

Net Investment in Foreign Operations

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

Hedge of Net Investment in Foreign Operations

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

2.5 Intangible Assets

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date as the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognized as expenses.

Any contingent considerations are recognized at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classified as assets or liabilities are recorded in the income statement.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment and as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.8).

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

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.8).

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

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

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used

for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 0.8% of sales depending on each country.

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

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

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

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 5 to 10 years.

2.6 Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.8).

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

Leased Assets

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

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.8). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

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

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

Depreciation

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

Land is not depreciated.

The estimated useful lives are as follows:

— Commercial and office buildings 20 to 35 years

— Building improvements and operating equipment 5 to 10 years

— Transportation equipment 3 to 8 years

— Computers and hardware 3 to 5 years

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

2.7 Investments in Associates

Investments in entities over which the Group has a significant influence are accounted for using the equity method.

Interests in associates are initially carried at cost which includes transaction costs.

The consolidated financial statements include the Group's share in the results of operations and other components of the comprehensive income, after taking into account adjustments for homogenization with the Group's accounting policies.

When the Group's share in the losses is greater than the value of their interest in the associate, the carrying amount is reduced to zero and the Group ceases to account for its share in future losses, unless the Group has an obligation to share in the losses.

2.8 Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.9), trade, and other accounts receivable (see note 2.10.3), and deferred tax assets (see note 2.20), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

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

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

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

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

Calculation of the Recoverable Amount

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

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

Reversal of Impairment Losses

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

Impairment losses in respect of goodwill may not be reversed.

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

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

2.9 Inventories

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

2.10 Financial assets

2.10.1 Long-term investments

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

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

2.10.2 Held for trading instruments

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

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

2.10.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 2.13) less impairment losses.

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

2.10.4 Derivative financial instruments

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

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.10.5). They are classified as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

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

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

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

2.10.5 Hedge accounting

Cash flow hedges

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

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

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

Fair value hedges

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

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

Hedge of monetary assets and liabilities denominated in foreign currency

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

2.10.6 Cash and cash equivalents

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

2.11 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

2.12 Share capital

Repurchase of equity instruments

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

Dividends

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

2.13 Financial liabilities

Interest-bearing borrowings

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

Effective interest rate

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

Transaction costs

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

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

Net financial debt

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

2.14 Employee benefits

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

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

— post-employment benefits including pensions, retirement supplements and medical benefits after retirement,

— other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

— defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or

— defined benefit plans when the employer guarantees a future level of benefits.

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

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

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

The Group recognizes actuarial gains and losses (resulting from changes in actuarial assumptions) using the corridor method. Under the corridor method, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10 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 (loss) is not recognized.

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

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

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

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the

obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

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

2.15 Share-based payments

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

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

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

2.16 Provisions

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

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

Provision for restructuring

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

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in "Other expenses" (see note 2.18). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

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

Provisions for disputes and litigations

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

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when it is considered that the assessment

is not justified or when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

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

2.17 Sales

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

Sales are recognized net of customer rebates and discounts.

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

2.18 Other income and other expenses

Operating income and expenses as a result of abnormal or unusual events are included as separate line items "Other income" and "Other expenses". These line items include in particular, irrespective of their amount, gains and losses on asset disposals, asset depreciation, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition costs from business combinations and other items such as significant disputes. These items are presented separately in the income statement in order to allow Rexel's Management Board, acting as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments", to assess the recurrent performance of the operating segments.

2.19 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 2.10.5).

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

2.20 Income tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, differences relating to investments in subsidiaries to the extent

that they will probably not reverse in the foreseeable future and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

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

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

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

2.21 Segment reporting

In accordance with IFRS 8 “Operating segments”, operating segments are based on the Group’s management reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Geographical areas that present substantially similar characteristics are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments, including the electrical equipment distribution business of the Group, are:

— Europe, aggregating Southern continental Europe, Eastern and central Europe, United-Kingdom / Ireland, and Benelux and Nordics,

— North America, aggregating United-States and Canada, and

— The Asia-Pacific area.

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

The Group’s financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

2.22 Earnings per share

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

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

ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. BUSINESS COMBINATIONS

3.1 2011 acquisitions

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

Latin America

— *Brazil*

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

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

— *Peru*

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

Asia Pacific

— *China*

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

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

— *India*

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

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

Europe

— *France*

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

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

— *Germany*

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

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

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

(1) converted at the exchange rate on the acquisition date

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

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

3.2 2010 acquisitions

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

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

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

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

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

4. SEGMENT REPORTING

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

2011 *(in millions of euros)*	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Holding Companies	Total Group
Income statement items							
Sales to external customers	7,437.7	3,692.1	1,278.4	308.9	**12,717.1**	—	**12,717.1**
Depreciation	(47.0)	(16.8)	(4.8)	(2.2)	**(70.8)**	(1.7)	**(72.5)**
EBITA[(1)]	511.2	163.7	77.8	13.9	**766.6**	(47.0)	**719.6**
Goodwill impairment	(54.8)	—	(4.7)	—	**(59.5)**	—	**(59.5)**
Cash flow statement item							
Capital expenditures net of disposals	(51.0)	(11.6)	(8.0)	7.3	**(63.3)**	(5.1)	**(68.4)**
Balance sheet items							
Working capital	631.3	389.0	174.6	38.7	**1,233.6**	37.0	**1,270.6**
Goodwill	2,644.6	1,049.9	266.8	40.9	**4,002.2**	—	**4,002.2**

2010 *(in millions of euros)*	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Holding Companies	Total Group
Income statement items							
Sales to external customers	6,966.8	3,530.8	1,116.3	346.2	**11,960.1**	—	**11,960.1**
Depreciation	(46.9)	(19.7)	(4.2)	(3.7)	**(74.5)**	(1.6)	**(76.1)**
EBITA[(1)]	446.5	123.1	63.7	12.6	**645.9**	(30.0)	**615.9**
Goodwill impairment	(27.7)	—	(8.9)	—	**(36.6)**	—	**(36.6)**
Cash flow statement item							
Capital expenditures net of disposals	(29.9)	(13.7)	(4.6)	(2.7)	**(50.9)**	(1.5)	**(52.4)**
Balance sheet items							
Working capital	679.7	348.5	133.9	44.1	**1,206.2**	(11.3)	**1,194.9**
Goodwill	2,644.9	1,028.0	249.0	9.3	**3,931.2**	—	**3,931.2**

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

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

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

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

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

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

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

6. SALARIES & BENEFITS

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

7. OTHER INCOME & OTHER EXPENSES

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

7.1 Other income

Capital gains

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

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

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

Release of unused provisions

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

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

Other operating income

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

7.2 Other expenses

Restructuring costs

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

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

Losses on non-current assets disposed of

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

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

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

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

Goodwill and assets impairment

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

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

Acquisition-related costs

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

Other operating expenses

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

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

8. NET FINANCIAL EXPENSES

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

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

9. INCOME TAX

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

9.1 Income tax expense

(in millions of euros)	For the year ended December 31, 2011	2010
Current tax	(104.5)	(47.4)
Prior year adjustments on current income tax	1.5	(1.5)
Deferred tax	13.4	(8.9)
Total income tax expense	**(89.6)**	**(57.8)**

9.2 Deferred tax assets and liabilities

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

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

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

Deferred tax assets and liabilities are broken down as follows:

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

Depreciation of deferred tax assets of €177.5 million at December 31, 2011 (€194.9 million at December 31, 2010), is determined in respect of the recoverability of net deferred tax assets assessed by each tax entity. The recoverable amount is based on the expected taxable profits over the next 5 years as well as risks arising from tax reassessments. At December 31, 2011, it mainly refers to the losses carried forward in the United Kingdom, France and Spain.

9.3 Effective tax rate

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

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

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

10. LONG-TERM ASSETS

10.1 Goodwill and intangible assets

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

(1) Including customer relationships for a net book value of €26.0 million as of December 31, 2011.

(2) Goodwill impairment in The Netherlands, New Zealand and Slovenia (see note 7.2)

(3) Goodwill impairment in The Netherlands, New Zealand and Slovenia. Assets impairment in Spain

Goodwill arising in a business combination represents a payment made by the purchaser in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately according to IFRS, such as market shares, the value of human capital, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network and administration.

Impairment testing of goodwill and intangibles with indefinite lives

For the requirements of impairment testing, goodwill and other intangible assets (strategic partnerships and distribution networks) with an indefinite life have been allocated to the following cash-generating units:

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

(1) Intangible assets with an indefinite useful life

Key assumptions retained in the determining of the value-in-use

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on cash flows arising from the three-year strategic plan performed in June and updated during the budgetary process in November 2011. Cash flows are extrapolated over a period of five years and take into account a terminal value. A perpetuity growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and beta factors. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already factored in the cash-flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetuity growth rate:

• Discount rate

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

	2011	2010
France	7.40%	6.80%
United States	7.00%	6.80%
Canada	6.80%	6.90%
The Netherlands	8.00%	7.10%
Sweden	8.10%	7.00%
Germany	7.70%	6.60%
United Kingdom	7.50%	7.40%
Norway	8.70%	7.60%
Australia	9.10%	9.00%
Switzerland	6.50%	6.10%
Other	6.8% to 12.5%	7.0% to 13.0%

• Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. This rate is not subject to changes over the short term. The perpetuity growth rates used to measure the terminal value were 2% for mature markets, 3% for China and 4.5% for Brazil, identical to those used in 2010.

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

In addition, an impairment of €7.0 million was also recognized in connection with the disposal of the assets of Hagemeyer Brands Australia Pty Ltd, in the third quarter of 2011.

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

Sensitivity analysis

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

A 50 basis points increase in the discount rate, applied to the value in use of all cash-generating units would result in an additional €26.9 million impairment expense. A 50 basis points decrease in the

perpetuity growth rate or in the EBITA margin would result in additional impairment expenses of €15.6 million and €35.3 million respectively.

10.2 Property, plant & equipment

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

The net additions of the period include €18.4 million of assets acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities, and the corresponding variation of financial debt was included in "Net change in finance lease liabilities" in cash flows from financing activities.

Impairment of property, plant and equipment

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

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

The assumptions used to establish the value in use of tangible assets are identical to those used for goodwill impairment tests.

10.3 Long-term investments

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

As of December 31, 2011, other long-term investments comprised mainly (i) the asset surplus of defined benefit plans relating to the liability of Hagemeyer pension plans in The Netherlands for a total of €43.3 million (€41.1 million in 2010 — see note 18), (ii) fair value hedging instruments for €25.9 million (€5.7 million in 2010) and derivatives held for trading for a total of €1.6 million (€2.7 million in 2010 was related to derivatives for cash-flow hedges).

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

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

10.4 Investments in associates

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

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

(in millions of euros) — unaudited	As of December 31, 2011	2010
DPI, Inc. balance sheet information		
Total assets	58.3	47.2
Total liabilities	(37.8)	(30.5)
Shareholders' equity	20.6	16.7

	For the year ended December 31,	
	2011	2010
DPI, Inc. sales and net income		
Sales	122.4	139.3
Net income	4.2	7.1

11. CURRENT ASSETS

11.1 Inventories

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

Changes in impairment losses:

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

11.2 Trade accounts receivable

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

Trade accounts receivable include taxes collected on behalf of the tax authorities that, in certain circumstances, may be recovered when the client defaults. These recoverable taxes amounted to €243.7 million as of December 31, 2011 (€213.2 million as of December 31, 2010).

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

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

On December 23, 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a *Receivables Participation Agreement* ("RPA"). This agreement allows the

Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2014.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of the transfer to the purchaser of all risks and obligations attached to the receivables assigned in relation to the Ester program, these receivables are derecognized. The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of December 31, 2011, derecognized receivables totaled €102.8 million (€97.7 million as of December 31, 2010) and the resulting loss was recorded as a financial expense for €4.1 million (€5.7 million in 2010). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totaled €15.3 million and was recognized in financial liabilities.

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

Changes in impairment losses:

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

As of December 31, 2011, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of a confirmed default risk for the customer in question for a total of €101.9 million (€86.0 million as of December 31, 2010).

The balance of impairment losses recorded corresponds to the risks estimated on the basis of late payments.

The summary of overdue receivables for which no impairment provision has been raised is as follows:

	As of December 31,	
(in millions of euros)	2011	2010
From 1 to 30 days	232.3	217.5

In accordance with the accounting principle stated in note 2.10.3, all receivables above 30 days are subject to an impairment provision.

11.3 Other accounts receivable

(in millions of euros)	As of December 31, 2011	2010
Purchase rebates	318.7	294.1
VAT receivable and other sales taxes	25.8	22.0
Prepaid expenses	40.4	29.9
Derivatives	2.1	1.7
Other receivables	68.2	58.7
Total accounts receivable	**455.2**	**406.4**

12. CASH AND CASH EQUIVALENTS

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

As of December 31, 2011, short-term investments include units in mutual funds, valued at their fair market value, for a total of €133.3 million (€122.1 million in 2010). These investments were made in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

13. SUMMARY OF FINANCIAL ASSETS

(in millions of euros)	IAS 39 Category	Hierarchy	As of December 31			
			2011		2010	
			Carrying amount	Fair value	Carrying amount	Fair value
Loans	L&R		0.8	0.8	0.2	0.2
Deposits	L&R		15.8	15.8	8.7	8.7
Assets available for sale	AFS		33.3	33.3	70.9	70.9
Hedging derivatives[1]	N/A	2	25.9	25.9	8.8	8.8
Other derivative instruments	TR	2	1.6	1.6	—	—
Others[2]	N/A		46.7	N/A	43.5	N/A
Total long-term investments			**124.1**	**—**	**132.1**	**—**
Trade accounts receivable	L&R		**2,122.9**	**2,122.9**	**2,022.0**	**2,022.0**
Supplier rebates receivable	L&R		318.7	318.7	294.1	294.1
VAT and other sales taxes receivable[2]	N/A		25.8	N/A	22.0	N/A
Other accounts receivable	L&R		68.2	68.2	58.7	58.7
Hedging derivatives[1]	N/A	2	0.7	0.7	—	—
Other derivative instruments	TR	2	1.4	1.4	1.7	1.7
Prepaid expenses[2]	N/A		40.4	N/A	29.9	N/A
Total other current assets			**455.1**	**—**	**406.4**	**—**
Short-term investments	FV	1	135.3	135.3	124.6	124.6
Cash	L&R		278.4	278.4	187.3	187.3
Cash and cash equivalents			**413.7**	**—**	**311.9**	**—**

(1) Specific accounting treatment for hedging

(2) Not a financial instrument under IAS 39

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

14. SHARE CAPITAL AND PREMIUM

14.1 Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows changes in the share capital and issuance premium:

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

(1) *Exercise of share subscription options*

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

(2) *Share issues related to bonus share plans*

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

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

These plans characteristics are detailed in note 15.

(3) *Bonus share issue*

In accordance with the approval by the Shareholders' Meeting of May 20, 2010 and by the Supervisory Board on May 11, 2011, the Management Board, during its meeting of May 12, 2011, decided to grant 2,082,748 shares to the executive management, operational managers and key employees of the Group subject to certain conditions (see note 15). In October 11, 2011, 1,684,029 additional shares were granted.

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

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

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

	For the year ended December 31,	
(in millions of euros)	**2011**	**2010**
Dividends on ordinary shares	€0.40	—
Dividends paid	**105.2**	**—**
o/w: — dividends paid in cash	19.2	—
— dividends paid in shares	86.0	—

14.2 Capital Management

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

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

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

Treasury shares

The Shareholders' Meeting of May 19, 2011 authorized the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to buy a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €22 per share. This program is capped at €200 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 19, 2012).

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

- to guarantee the liquidity and promote the market for the shares through the intermediary of an investment services provider;
- to implement any stock option plan of the Company;

- to subsequently conserve and provide shares in exchange or in payment under the framework of external growth operations and within a limit of 5% of the Company's share capital;
- to provide shares when rights attached to the securities giving access to shares in the Company are exercised;
- to cancel all or part of the shares bought back under this program;
- as well as any other objective that complies with regulation in force.

Under this share buy-back program, Rexel entered into a mandate with Natixis, complying with a Code of Ethics recognized by the *Autorité des Marchés Financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel share transactions for an amount of €12.8 million.

In addition, Rexel mandated Natixis in order to buy 1,975,000 treasury shares to serve its free share plans, in the fourth quarter 2011 for an amount of €23.7 million.

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

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

15. SHARE-BASED PAYMENTS

15.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2011

On May 12, 2011 and October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,423,467 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 12, 2013/October 11, 2013), these being restricted for an additional two-year period (until May 12, 2015/October 11, 2015), the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

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

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers		Other key employees		Operational manager		Total
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two year service condition from grant date		
Plan	2+2	4+0	2+2	4+0	2+2	4+0	
Delivery date	May 12, 2013/ October 11, 2013	May 12, 2015/ October 11, 2015	May 12, 2013/ October 11, 2013	May 12, 2015/ October 11, 2015	May 12, 2013/ October 11, 2013	May 12, 2015/ October 11, 2015	
Maximum number of shares granted on May 12, 2011	429,203	507,879	177,931	484,110	96,375	387,250	**2,082,748**
Maximum number of shares granted on October 11, 2011[(1)]	295,550	8,381	10,929	25,859	—	—	**340,719**
Cancelled in 2011	(65,301)	(82,178)	(18,474)	(60,197)	(9,750)	(11,500)	**(247,400)**
Maximum number of shares allocated as of December 31, 2011	659,452	434,082	170,386	449,772	86,625	375,750	**2,176,067**
Share fair value at the attribution date May 12, 2011	*€17.22*	*€16.42*	*€17.22*	*€16.42*	*€17.22*	*€16.42*	
Share fair value at the attribution date October 11, 2011	*€11.39*	*€10.34*	*€11.39*	*€10.34*			

(1) Of which 59,018 shares granted to members of Group Executive Committee with only two year service.

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

Furthermore, October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 1,343,310 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (October 11, 2014), these being restricted for an additional two-year period (October 11, 2016), the so-called "3+2

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

Beneficiaries	Members of Group Executive Committee and top managers	Other key employees	Total
Vesting conditions	Three year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment condition.		
Plan	3+2 Plan	5+0 Plan	
Delivery date	October 11, 2013	October 11, 2015	
Maximum number of shares granted on October 11, 2011	840,334	502,976	**1,343,310**
Maximum number of shares allocated as of December 31, 2011	840,334	502,976	**1,343,310**
Share fair value at the attribution date	*€7.17*	*€6.15*	

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

Plans issued in 2010

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

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

Conditions are presented in the following table:

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

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

Plans issued in 2009 and before

In 2009, 2008 and 2007, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 8,036,308 shares. Depending on local regulations, these employees and executives will be eligible to receive Rexel shares, either after a period of two years from the grant dates, with a restriction on their sale for an additional two year period, or after a period of four years from the grant date with no subsequent restrictions on their sale.

The actual transfer of these free shares is subject to the service and performance conditions of the schemes.

	Plans issued in 2009	Plans issued in 2008	Plans issued in 2007
Maximum number of shares granted initially	**1,372,166**	**1,607,961**	**5,056,181**
Shares cancelled	(319,333)	(1,080,455)	(275,169)
Shares delivered	—	(147,763)	(2,159,291)
Maximum number of shares allocated as of December 31, 2010 and not yet delivered	**1,052,833**	**379,743**	**2,621,721**
Shares cancelled in 2011	(16,002)	—	(6,633)
Shares delivered in 2011	(268,416)	—	(2,615,088)
Maximum number of shares allocated as of December 31, 2011 and not yet delivered	**768,415**	**379,743**	**—**
Share fair value at the grant date	*€6.42*	*€7.88*	*€16.5*

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

15.2 Stock option plans

Plans issued by Rexel in 2005

On October 28, 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares, on May 31, 2006 and October 4, 2006, further options were granted to new management personnel. On November 30, 2005, a share option subscription arrangement was set up for a broader circle of key employees of the Group with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under these plans were vested in full upon the Initial Public Offering of Rexel shares in April 2007.

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

Date of allocation/beneficiaries	Number of instruments originally allocated	Number of options active as of December 31, 2011	Options term
Options granted to key managers ("Plan No.1")			
— on October 28, 2005	2,711,000	32,820	October 28, 2015
— on May 31, 2006	169,236	—	
— on October 4, 2006	164,460	—	
Options granted to key employees ("Plan No.2")			
— on November 30, 2005	259,050	215,990	November 30, 2015
— on May 31, 2006	34,550	26,376	
Total options granted by Rexel	**3,338,296**	**275,186**	

15.3 Share-based payment expenses

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

	For the period ended December 31,	
(in millions of euros)	2011	2010
Plans issued in 2008	—	1.1
Plans issued in 2009	1.2	3.3
Plans issued in 2010	6.9	4.5
Plans issued in 2011	8.8	—
Expense related to employee share purchase plan[1]	0.3	0.9
Total free share plans expense	**17.2**	**9.8**

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

16. EARNINGS PER SHARE

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

	For the year ended December 31,	
	2011	2010
Net income attributed to ordinary shareholders *(in millions of euros)*	***318.3***	***228.5***
Weighted average number of ordinary shares *(in thousands)*	264,688	259,301
Non dilutive potential shares *(in thousands)*	1,637	2,814
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***266,325***	***262,115***
Basic earning per share (in euros)	**1.20**	**0.87**
Net income attributed to ordinary shareholders *(in millions of euros)*	***318.3***	***228.5***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	266,325	262,115
Potential dilutive shares (in thousands)	2,331	2,125
— of which share options (in thousands)	*189*	*268*
— of which share options related to dividend paid in shares (in thousands)	—	*345*
— of which bonus shares (in thousands)[(1)]	*2,142*	*1,512*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***268,656***	***264,240***
Fully diluted earnings per share	**1.18**	**0.86**

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

17. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

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

Other non-current liabilities essentially comprise the fair value of derivative instruments at €22.9 million (€23.0 million at December 31, 2010) (see note 20.1) and debts related to profit sharing schemes for French employees in the amount of €9.4 million (€8.7 million at December 31, 2010).

The variation in provisions is detailed in the table below:

(in millions of euros)	Restructuring	Tax litigation	Other litigation & warranty claims	Vacant properties	Total provisions
At January 1, 2010	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**
Change in consolidation scope	—	—	(3.4)	—	(3.4)
Increase	22.4	2.4	6.8	11.1	42.7
Use	(27.7)	(5.1)	(33.9)	(19.0)	(85.7)
Release	(2.2)	(5.7)	(1.0)	(2.7)	(11.6)
Translation differencies	1.7	0.7	1.5	2.0	5.9
Other changes	(2.7)	0.4	(1.8)	(0.4)	(4.5)
At December 31, 2010	**29.2**	**22.4**	**19.9**	**53.1**	**124.6**
Change in consolidation scope	(0.3)	—	1.4	(3.1)	(2.0)
Increase	15.5	1.6	15.7	15.3	48.1
Use	(20.3)	(2.8)	(1.7)	(16.4)	(41.2)
Release	(0.3)	(1.5)	(3.7)	(0.7)	(6.2)
Translation differencies	(0.2)	—	(0.1)	1.9	1.6
Other changes	(5.2)	—	(3.2)	8.8	0.4
At December 31, 2011	**18.4**	**19.7**	**28.3**	**58.9**	**125.3**

Provisions mainly comprise:

- Provisions for redundancy plans to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, distribution centers and administrative headquarters. Provisions for restructuring activities undertaken at December 31, 2011, mainly concerned, Europe for €15.3 million (€11.2 million in 2010), North America for €2.4 million (€8.3 million in 2010) and Asia-Pacific for €0.4 million (€0.7 million in 2010).
- Tax litigation concerned mainly France for €16.8 million (€15.2 million in 2010) and Canada for €2.5 million (€4.0 million in 2010);
- Other litigations and warranty claims amounted to €28.3 million, of which €8.8 million relating to litigation with French social security authorities, €4.3 million relating to warranty claims for products sold (€7.6 million in 2010), €6.6 million for employee claims (€2.6 million in 2010) and €2.2 million for commercial litigations (€2.7 million in 2010). In 2010, change in provisions mainly related to settlement of the Ceteco proceedings for €29.8 million, following the settlement agreement concluded on February 8, 2010;
- Provisions for lease commitments related to vacant properties concerned mainly the United Kingdom for €41.5 million (€41.2 million in 2010), the United States for €10.7 million (€5.0 million in 2010) and France for €2.7 million (€2.9 million in 2010). This provision in the United Kingdom included a €27.6 million reserve for onerous contract in relation to closure of a distribution centre operated by Hagemeyer and various lease contracts for vacant properties amounting to €13.9 million.

18. EMPLOYEE BENEFITS

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees,

including retired employees. The most significant funded retirement plans are in Canada, the United Kingdom, the United States, The Netherlands and Switzerland, and are managed through vehicles independent of the Group. In France and Italy, the obligations principally concern lump-sum payments on retirement and long service awards (jubilees), and are usually unfunded.

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

(in millions of euros)	Defined benefit obligations 2011	Defined benefit obligations 2010
At the beginning of the period	**1,133.2**	**1,040.3**
Service cost	14.2	16.2
Interest cost	55.2	54.7
Benefit payments	(53.2)	(51.1)
Employee contributions	4.0	3.5
Actuarial (gain) loss	19.8	14.2
Change in consolidation scope	15.6	(1.8)
Translation differencies	18.5	59.6
Curtailment/settlement and other	(1.3)	(2.4)
At the end of the period	**1,206.0**	**1,133.2**

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

(in millions of euros)	Plan assets 2011	Plan assets 2010
At the beginning of the period	**920.7**	**845.7**
Employer contributions	34.3	28.9
Employee contributions	4.0	3.5
Return on plan assets	29.0	47.3
Benefit payments	(53.2)	(51.1)
Change in consolidation scope	12.0	—
Translation differencies	13.8	46.4
At the end of the period	**960.6**	**920.7**

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

(in millions of euros)	2011	2010	2009	2008	2007
Defined benefit obligations	**1,206.0**	**1,133.2**	**1,040.3**	**924.1**	**461.6**
of which Funded schemes	*1,096.2*	*1,030.5*	*951.1*	*842.1*	*370.6*
of which Unfunded schemes	*109.8*	*102.7*	*89.2*	*82.0*	*91.0*
Fair value of plan assets	(960.6)	(920.7)	(845.7)	(728.7)	(353.1)
Funded status	**245.4**	**212.5**	**194.6**	**195.4**	**108.5**
Unrecognized actuarial gains and losses	(123.5)	(80.9)	(62.2)	(61.9)	14.4
Effect of the asset ceiling	—	—	—	—	2.7
Recognized net liability for defined benefit obligations	**121.9**	**131.6**	**132.4**	**133.5**	**125.6**
of which "Employee benefits"	*166.2*	*174.6*	*173.8*	*175.4*	*125.6*
of which "Other financial assets"[(1)]	*(44.3)*	*(42.8)*	*(41.4)*	*(41.9)*	—

(1) Of the €44.3 million surplus of the defined benefit plan assets over liabilities, €43.4 million relates to the Hagemeyer post-employment scheme in The Netherlands which is subject to minimum funding rules. Pursuant to the plan, the company is entitled to contribution holidays when the funding ratio is beyond 175%, and a refund of 80% of the surplus when the ratio is above 225% or upon termination of the plan for the amount of the surplus. As a result, no asset ceiling was recognized at December 31, 2011 or at December 31, 2010.

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

(in millions of euros)	2011	2010
Service costs[(1)]	14.2	16.2
Interest costs[(2)]	55.2	54.7
Expected return on plan assets[(2)]	(50.2)	(46.7)
Curtailment and settlement[(3)]	—	(3.6)
Amortization of actuarial gains/losses[(1)]	3.2	1.7
Other[(1)]	(1.6)	1.0
Expense recognized	**20.8**	**23.3**

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

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

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

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

	Euro Zone		United Kingdom		Canada		United States		Switzerland	
(in %)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Discount rate[(1)]	5.21	5.22	5.00	5.50	4.48	5.34	5.00	5.25	2.75	2.75
Expected return on plan assets[(2)]	5.15	5.15	6.60	6.60	6.35	6.75	7.75	7.75	3.60	3.60
Future salary increases	3.00	2.50	3.50	3.50	3.00	3.00	n/a	n/a	2.00	2.00
Future pension increases	2.00	2.00	2.65	2.55	2.00	2.00	n/a	n/a	1.00	1.00

(1) Discount rates have been set by reference to market yields on high quality corporate bonds with a similar duration to the underlying obligation. Discount rates were determined based on a database

developed by Rexel's actuary which includes several hundreds of AA corporate bonds with durations from one year to approximately 30 years. For each plan, expected benefit payments are discounted using the rate that matches the plan duration. Then the database computes a single rate that, when applied to cash-flows of all plans, retrieves the same present value of the aggregated cash-flows of each individual plan.

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

Sensitivity analysis

As of December 31, 2011, a 25 basis points decrease in discount rates would result approximately in a €39 million increase in the present value of the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result approximately in a €2.3 million increase in the expense.

As of December 31, 2011, a 1% inflation rate increase in medical costs would translate approximately to a €5.8 million increase in the present value of the health care plan obligation.

As of December 31, 2011, the weighted average allocation of Group funds invested for retirement plans by type of investment is as follows: 39% in stocks, 45% in bonds and 16% in other investment categories.

19. FINANCIAL LIABILITIES

This note provides information on financial liabilities as of December 31, 2011. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

	As of December 31, 2011			As of December 31, 2010		
(in millions of euros)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior Notes	—	1,181.4	1,181.4	—	669.5	669.5
Credit Facilities	—	30.6	30.6	—	761.5	761.5
Securitization	105.9	973.5	1,079.4	—	1,067.6	1,067.6
Bank loans	39.7	8.1	47.8	6.6	1.9	8.5
Commercial paper	104.8	—	104.8	56.9	—	56.9
Bank overdrafts and other credit facilities	86.0	—	86.0	66.6	—	66.6
Finance lease obligations	6.8	22.9	29.7	5.7	7.2	12.9
Accrued interests[(1)]	10.0	—	10.0	5.2	—	5.2
Less transaction costs	(19.8)	(33.9)	(53.7)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	***333.5***	***2,182.6***	***2,516.0***	***122.0***	***2,463.5***	***2,585.5***
Cash and cash equivalents			(413.7)			(311.9)
Derivatives fair value			(24.1)			(0.3)
Net financial debt			**2,078.2**			**2,273.3**

(1) Of which accrued interests on Senior Notes for €3.5 million as of December 31, 2011 (€2.5 million as of December 31, 2010).

19.1.1 Senior Notes

- *Notes due 2016*

On December 21, 2009, Rexel had issued senior unsecured notes for a nominal sum of €575 million (the "Notes"). The funds raised were used to refinance part of the debt obligation relating to the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually on June 15 and December 15, starting from June 15, 2010. The notes will mature on December 15, 2016. On January 20, 2010, Rexel issued €75 million of senior unsecured notes in addition to the original Notes issued on December 21, 2009 for a total amount of €575 million. The additional notes fully assimilated to the original notes issued on December 21, 2009 pay interest at a rate of 8.25% and are redeemable on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

These Notes are guaranteed by certain of Rexel's subsidiaries. The Notes and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt. The Notes are redeemable in whole or in part at any time prior to December 15, 2013 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after December 15, 2013, the Notes are redeemable in whole or in part by paying the redemption price set forth below:

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

In addition, at any time on or prior to December 15, 2012, the Notes are redeemable up to 35% of the outstanding principal amount with the net proceeds from an equity offering of new Rexel shares.

- *Notes due 2018*

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The Notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel pays interest on the Notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The Notes will mature on December 17, 2018. These Notes are guaranteed by certain of Rexel's subsidiaries. The Notes and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

The Notes are redeemable in whole or in part at any time prior to June 17, 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 17, 2015, the Notes are redeemable in whole or in part by paying the redemption price set forth below.

Redemption period beginning on:	Redemption price (as a % of principal amount)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the Notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2011, the fair value of Senior Notes is hedged for an amount of €450 million. Their value has been adjusted to reflect interest rate fluctuations on the hedged part.

19.1.2 Senior Credit Agreement

On December 21, 2009, Rexel entered into a €1,700 million credit facilities agreement which provides for two facilities:

- Facility A, a three-year multi-currency revolving credit facility, for an initial maximum amount of €600 million,
- Facility B, a five-year multi-currency revolving credit facility, for an initial maximum amount of €1,100 million.

During the financial year ended December 31, 2010, the maximum commitment corresponding to Facilities A and B under the 2009 Senior Credit Agreement was reduced by €40 million in July 2010 (decreasing from €600.0 million to €586.0 million for Facility A and from €1,100.0 to €1,074.0 million for Facility B) following execution of a bilateral €40.0 million Term Loan Agreement on July 28, 2010. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2009 Senior Credit Agreement.

The maximum commitment corresponding to Facility A and the bilateral Term Loan Agreement was reduced by €200.0 million in December 2010 and a further €200.0 million in December 2011 (decreasing from €586.0 million to €195.4 million for Facility A and from €40.0 million to €30.6 million for the bilateral Term Loan Agreement), in accordance with contractual provisions.

As of December 31, 2011, facilities under the Senior Credit Agreement were fully reimbursed and remained available for Rexel. The bilateral facility was drawn down in full for €30.6 million as follows:

(in millions of euros)

Credit Facility	Commitment	Balance due as of December 31, 2011
Facility A	195.4	—
Facility B	1,074.0	—
2009 Senior Credit Facilities subtotal	**1,269.4**	**—**
Bilateral facility	30.6	30.6
TOTAL	**1,300.0**	**30.6**

Interests and margin

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio.

At December 31, 2011 the applicable margin stood at 2.00% for Facility A and 2.25% for Facility B.

The margin applicable varies in accordance with the ranges in which the Pro Forma Leverage Ratio (as defined below) falls at the end of each semester as set out below:

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

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

- 0.25% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and
- 0.50% per annum *pro rata temporis* for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

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

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's consolidated financial statements and:.

- includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;
- includes proceeds relating to commodity price derivatives to hedge exposure to price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;
- excludes expenses relating to employee profit sharing and any share based payments or the granting of share subscription options;
- excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions,
- adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

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

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

Commitments

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

Date	Indebtedness Ratio
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2011, this ratio was 2.40, in compliance with the provisions of the Senior Credit Agreement.

Other undertakings

The Senior Credit Agreement contains covenants relating to limits on capital expenditure and restrictions on dividend payments when the Leverage Ratio *pro forma* exceeds 4.00:1.

Other covenants

The Senior Credit Agreement contains certain covenants that restrict the capacity of Group companies, parties to that Agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests; (iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

Prepayment

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of borrowers and guarantors.

19.1.3 Securitization programs

The Rexel Group runs several securitization programs presented in the table below, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

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

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under certain programs, the Group also has the

option of contributing its receivables in exchange for subscribing the securitization vehicle's subordinated notes.

In view of their characteristics, notably the fact that the Group retains a significant part of the late payment and credit risks, these receivables assignment programs, with the exception of the off-balance sheet US program such as disclosed in note 11.2, do not qualify for derecognition under IAS 39 requirements. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of December 31, 2011, Rexel had satisfied all of these covenants.

On December 19th, 2011 Rexel entered into a new securitization program in France, the United Kingdom and Australia to replace the previous one originally matured in February 2012. This program is for a maximum amount of €425 million over a five-year period.

The features of Rexel's securitization programs including the off-balance sheet programs are summarized in the table below:

Program	Commitment	Amount of receivables assigned as of December 31, 2011	Amount drawn down as of December 31, 2011	Balance as of December 31, 2011	Balance as of December 31, 2010	Repayment
	(in millions of currency)			*(in millions of euros)*		
2011 — Europe and Australia[1]	EUR 425.0	EUR 610.1	EUR 428.6	428.6	444.8	16/12/2016
United States	USD 470.0	USD 579.3	USD 373.9	289.0	278.0	23/12/2014
Canada	CAD 140.0	CAD 270.3	CAD 140.0	105.9	105.1	13/12/2012
2008 — Europe	EUR 450.0	EUR 509.5	EUR 358.7	358.7	337.3	17/12/2013
TOTAL				**1,182.2**	**1,165.3**	
Of which: — on balance sheet:				***1,079.4***	***1,067.6***	
— off balance sheet (Ester program):				***102.8***	***97.7***	

(1) Securitization program subscribed in 2011, replacing the previous program initiated in 2005

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of December 31, 2011, the total outstanding amount authorized for these securitization programs was €1,344.2 million, of which €1,182.2 million was utilized.

19.1.4 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with fixed maturities ranging from one to three months depending on the notes issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2011, the company had issued €104.8 million of commercial paper (€56.9 million as of December 31, 2010).

19.2 Change in net financial debt

As of December 31, 2011 and 2010, the change in net financial debt was as follows:

(in millions of euros)	For the year ended December 31, 2011	2010
At January 1	**2,273.3**	**2,401.2**
Issuance of Senior Notes	500.0[1]	76.7[2]
Bonds buy back	(11.3)	—
Net change in Term Loan facilities	(695.9)	(407.8)
Transaction costs	(10.4)	(5.0)
Net change in other credit facilities and bank overdrafts	94.4	32.5
Net change in credit facilities	**(123.1)**	**(303.6)**
Net change in securitization	(5.0)	(34.3)
Net change in finance lease liabilities	16.5	(5.2)
Net change in financial liabilities	***(111.6)***	***(343.1)***
Change in cash and cash equivalents	(145.9)	14.6
Translation differences	22.3	154.3
Change in consolidation scope	14.3	10.1
Amortization of transaction costs	20.0	17.4
Other changes	5.8	18.8
At December 31	**2,078.2**	**2,273.3**

(1) On May 27, 2011, Rexel issued €500 million senior unsecured Notes bearing interest at the rate of 7% that mature on December 17, 2018 (see note 19.1.1)

(2) On January 20, 2010, Rexel issued €75 million notes in addition to the notes of €575 million issued on December 21, 2009, which bear interest at the rate of 8.25% and mature on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

20. MARKET RISKS AND FINANCIAL INSTRUMENTS

20.1 Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80% of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

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

(in millions of euros)	As of December 31, 2011	As of December 31, 2010
Senior Notes and other fixed rate debt	1,168.2	670.6
Floating to fixed rate swaps	1,330.0	1,286.4
Fixed to floating rate swaps	(475.0)	(475.0)
Active Interest rate options — Collars[(1)]	—	721.3
Sub total fixed or capped rate debt after hedging	**2,023.3**	**2,203.3**
Floating rate debt before hedging	1,323.6	1,914.4
Floating to fixed rate swaps	(1,330.0)	(1,286.4)
Fixed to floating rate swaps	475.0	475.0
Active Interest rate options — Collars[(1)]	—	(721.3)
Cash and cash equivalents	(413.7)	(311.9)
Sub total current floating rate debt after hedging	**54.9**	**70.0**
Total net financial debt	**2,078.2**	**2,273.3**

(1) Interest rate options for which one of the exercise prices (cap or floor) is in the money.

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million into variable rate debt. Out of these derivatives, €450.0 million have been classified as fair value hedges.

As of December 31, 2011, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	Total notional amount	Maturity	Weighted average fixed rate paid (received)	Floating rate paid (received)	Fair value[(1)]
	(in millions of euros)				*(in millions of euros)*
Swaps paying variable rate					
Euro	450.0	December 2016	(2.73%)	3M Euribor	26.2
Swaps paying fixed rate					
Euro	150.0	March 2012	2.19%	(3M Euribor)	(0.3)
Euro	100.0	March 2013	2.29%	(3M Euribor)	(1.6)
Total					**24.3**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.2 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

The change in fair value of these fair value hedging swaps for the period ending December 31, 2011 represented a gain of €24.6 million, offset by a loss of €25.0 million resulting from the change in the fair value of the Senior Notes.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature between March 2012 and March 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies.

As of December 31, 2011, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount	Total notional amount	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value[1]
	(in millions of currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Euro	100.0	100.0	March 2012	Euribor 3M	1.42%	(1.1)
	200.0	200.0	March 2014	1M Euribor	2.12%	(9.0)
Canadian dollar	100.0	75.6	September 2013	3M Libor	1.57%	(0.5)
	40.0	30.3	March 2013	3M Libor	2.72%	(0.6)
American dollar	140.0	108.2	March 2013	3M Libor	2.82%	(2.9)
British pound	25.0	29.9	March 2012	3M Libor	1.97%	(0.1)
Total		**544.0**				**(14.2)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €4.5 million.

The change in fair value of the cash flow hedging instruments for the period ending December 31, 2011 was recorded as a €8.2 million increase in cash-flow hedge reserve (before tax).

Derivatives designated as cash-flow hedge of the Senior Notes

On May 9th and 11th 2011, Rexel entered into the following derivative instruments to fix, within certain limits, the interest rate of the €500 million notes issuance when the issuance of such notes became highly probable:

– a collar of swaptions for a nominal amount of €250 million, covering a 7-year period and composed of a cap at 3.25% and a floor at 3.10%

– a swap for a nominal amount of €250 million, with a 7-year maturity at a rate of 3.21%

These derivatives were qualified as cash-flow hedge until the bond issuance occurred on May 27, 2011. Since then, these instruments have been considered as trading and therefore are not eligible for hedge accounting until their discontinuation.

The change in fair value of these derivatives from the subscription until the bond issuance incurred a loss of €3.2 million. The ineffective portion of the hedging instruments was recorded as a financial expense of €0.9 million and the effective portion was recognized as other comprehensive income for €2.3 million. This amount will be reclassified to profit and loss until the maturity of the Senior Notes.

Derivatives not eligible for hedge accounting

	Total notional amount	Total notional amount	Maturity	Floating rate received (paid)	Weighted average fixed rate paid (received)	Fair value[1]
	(in millions of currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Canadian dollar	30.0	22.7	March 2013	3M Libor	2.72%	(0.4)
Swiss franc	40.0	32.9	March 2013	3M Libor	0.94%	(0.4)
	90.0	74.0	March 2014	3M Libor	0.81%	(1.3)
Swedish krona	500.0	56.1	September 2012	3M Stibor	2.59%	(0.1)
American dollar	100.0	77.3	September 2012	3M Libor	3.18%	(1.5)
	140.0	108.2	March 2013	3M Libor	2.82%	(2.9)
	100.0	77.3	September 2014	3M Libor	1.56%	(1.7)
Euro	25.0	25.0	December 2016	3M Euribor	1.85%	(0.4)
	62.5	62.5	May 2018	6M Euribor	3.21%	(5.7)
Total		**536.0**				**(14.6)**
Swaps paying variable rate						
Euro	25.0	25.0	December 2016	(3M Euribor)	(2,89%)	1.7

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.3 million.

Derivatives that are not eligible for hedge accounting mainly relate to dequalifying instruments following the partial repayment of the senior credit facilities as a result of the issuance of the €500 million Senior Notes. The discontinuation of the hedging relationship resulted in the reclassification of the cumulative loss recognized in cash flow hedge reserve to profit and loss account for €13.1 million, of which €12.1 million relates to swaps denominated in US dollar, €0.4 million in Canadian dollar, and €0.7 million in Swiss Franc (see note 8).

Sensitivity to interest rate variation

As of December 31, 2011, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €8.6 million and a €6.8 million increase in equity before tax effect.

20.2 Foreign exchange risk

Forward contracts

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

Currency options

In addition, since the presentation of the financial statements is in euros, the Group is required to translate income and expenses denominated in other currencies into euros in preparing its financial statements at average exchange rates applicable to the period. Therefore, the Group has entered into

several currency options to partially hedge the effect of its exposure to the exchange rate translation risk. These instruments are qualified as held for trading under IAS 39.

As of December 31, 2011, the notional value of foreign exchange derivatives was €931.8 million (€1,219.0 million of forward sales and €287.2 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €6.4 million. The change in fair value of forward contracts for the period ending December 31, 2011 was recorded as financial expense of €5.9 million, as operating income of €0.7 million and as positive variation of cash-flow hedge reserve of €1.1 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €276.4 million and a decrease (increase) in operating income before other income and other expenses of €13.1 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of December 31, 2011 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €74.0 million and €96.6 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krona	Swedish krona	British pound	Swiss franc	Other currency	Total
Financial liabilities	1,832.6	204.7	109.2	109.8	1.1	0.9	173.7	0.5	59.4	2,491.9
Cash and cash equivalents	(295.8)	(50.6)	(0.0)	(0.5)	(9.4)	(2.5)	(11.9)	(0.5)	(42.6)	(413.7)
Net financial position before hedging	**1,536.8**	**154.1**	**109.2**	**109.3**	**(8.3)**	**(1.6)**	**161.8**	**—**	**16.8**	**2,078.2**
Impact of hedges	(939.0)	531.6	76.8	2.6	(33.1)	207.0	(157.8)	252.4	59.5	—
Net financial position after hedging	**597.8**	**685.7**	**186.0**	**111.9**	**(41.4)**	**205.4**	**4.0**	**252.4**	**76.3**	**2,078.2**
Impact of a 5% increase in exchange rates	*—*	*34.3*	*9.3*	*5.6*	*(2.1)*	*10.3*	*0.2*	*12.6*	*3.8*	*74.0*

20.3 Liquidity Risk

The €650 million Senior Notes, issued in December 2009 and January 2010, mature in December 2016, while the €500 million Senior Notes issued in May 2011 mature in December 2018. Credit facilities A and B under the Senior Credit Agreement and the bilateral credit agreement expire in December 2012 and December 2014 in the amounts of €200 million and €1,100 million respectively.

Moreover, these credit lines would become payable if Rexel failed to fulfill its commitments described in note 19.1.2.

Lastly, securitization programs mature in 2012, 2013, 2014 and 2016. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to

be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	As of December 31, 2011	As of December 31, 2010
Due within		
One year	353.3	140.9
Two years	363.4	553.5
Three years	225.1	334.6
Four years	7.3	941.1
Five years	1,114.2	1.8
Thereafter	506.4	676.8
Total financial debt	**2,569.7**	**2,648.7**
Transaction costs	(53.7)	(63.2)
Financial debt	**2,516.0**	**2,585.5**

As of December 31, 2011, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	Financial debt and interests	Derivatives	Total
Due within			
One year	483.7	(6.6)	477.1
Two years	490.3	1.0	491.3
Three years	334.7	4.0	338.7
Four years	107.8	3.0	110.8
Five years	1,209.8	1.5	1,211.3
Thereafter	576.4	(0.3)	576.1
Total financial debt	**3,202.6**	**2.7**	**3,205.3**

In addition, the trade accounts payable amounted to €1,903.3 million as of December 31, 2011 (€1,866.2 million as of December 31, 2010) and are due in less than one year.

20.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The maximum risk corresponding to the total accounts receivable after impairment amounted to €2,122.9 million and is detailed in note 11.2 Trade receivables. The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €443.2 million as of December 31, 2011 (€321.1 million as of December 31, 2010), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €453.1 million (€404.7 million as of December 31, 2010) and mainly corresponds to supplier discounts receivable.

21. SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	Hierarchy	As of December 31, 2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Bonds	AC	1	1,181.4	1,149.3	669.5	718.3
Other financial debts, including accrued interest	AC		1,334.6	1,334.6	1,916.0	1,916.0
Total financial liabilities			**2,516.0**		**2,585.5**	
Hedging derivatives[1]	N/A	2	11.2	11.2	23.0	23.0
Other derivatives	TR	2	11.6	11.6	—	—
Other liabilities[2]	N/A		9.4	N/A	8.7	N/A
Total other non-current liabilities			**32.3**		**31.7**	
Trade accounts payable	AC		1,903.3	1,903.3	1,866.2	1,866.2
Vendor rebates receivable	AC		115.2	115.2	101.7	101.7
Personnel and social obligations[2]	N/A		261.4	N/A	248.1	N/A
VAT receivable and other sales taxes[2]	N/A		73.9	N/A	67.2	N/A
Hedging derivatives[1]	N/A	2	0.3	0.3	11.3	11.3
Other derivatives	TR	2	9.6	9.6	4.0	4.0
Other liabilities	AC		187.4	187.4	147.6	147.6
Deferred income[2]	N/A		5.1	N/A	4.2	N/A
Total other debts			**652.9**		**584.1**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

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

22. OPERATING LEASES

The following table details the Group's obligations in relation to operating lease contracts:

(in millions of euros)	Payments outstanding as of December 31, 2011	2010
Due within		
One year	189.6	185.2
Two years	142.5	142.3
Three years	104.0	103.5
Four years	71.6	74.4
Thereafter	123.7	146.4
Total	**631.4**	**651.8**

The above table presents the minimum lease payments under non-cancelable leases of buildings and installations.

The total expense under operating lease contracts was €210.1 million for the year ended December 31, 2011 (€218.7 million as of December 31, 2010).

23. RELATED PARTY TRANSACTIONS

Executive compensation

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

(in millions of euros)	For the year ended December 31, 2011	2010
Salaries and other short-term benefits	12.4	11.1
Post-employment benefits (service costs)	0.9	2.4
Indemnities at termination of contract	—	0.6
Free shares and stocks options[1]	3.8	2.2

(1) Share-based payment expense is detailed in Note 15.1 — Free shares schemes.

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

In the event of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €13.4 million.

24. LITIGATION

24.1 Litigation

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

The principal proceedings are set out below.

Litigation relating to Elettroveneta

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

Elettroveneta's shareholders have filed a claim with the Court of Monza to be indemnified for the losses suffered, for a minimum amount of €24.8 million excluding interest. The Court of Monza recognized that it was not competent to rule on the matter and dismissed itself. The proceedings were reinstated soon thereafter by Elettroveneta before the Court of Milano. On November 15, 2011, the Court of Milano ruled in favor of Rexel.

On January 31, 2012, the parties entered into a transaction to settle any claim in connection with the possible acquisition of Elettroveneta by Rexel Italia and to the case filed before the Court of Milano. As part of this settlement Rexel Italia paid €160,000 to Elettroveneta's shareholders.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or fully covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim against the Group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. Based on the current situation, the Group is therefore unable to predict the financial consequences that may result from these proceedings.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

24.2 Tax litigation

The principal tax proceedings involving Group companies as of December 31, 2011 are described below:

Manudax Belgium

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

The statute of limitations has expired for claims against Manudax's shareholder. Accordingly, the recoverable amount is limited by the Manudax assets under liquidation, a value estimated at €14 million. Since the Group's shareholding in Manudax has been entirely written down, Rexel considers that the outcome of this litigation should not impact its financial condition.

Rexel Développement

In 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global Partners Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to have been rendered in the business interests of the company and are classified as constructive dividends. The taxes reassessed amounted to €22 million including interest for late payment, and a notice was issued to this effect in February 2010. As Rexel Développement's claim against the reassessment was dismissed, it filed an application with the Administrative Court in December 2010. A provision has been set aside for the full amount of the corresponding tax expense by writing down deferred tax assets for the corresponding part of tax losses carried forward, as well as a provision for risks.

Rexel Distribution (absorbed by Rexel Développement in 2011)

The French tax authorities alleged that the selling price of Rexel Distribution's shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg, was €46 million lower than its market value, resulting an income tax reassessment of €18 million, which is covered in full by a provision. The case was referred to the Administrative Court in March 2011.

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also allege that Ray Finance LP enjoyed a privileged tax regime and accordingly, reject the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

24.3 Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain subsidiaries. These warranties had not been called as of the balance sheet date, except where stated otherwise.

Warranties given in connection with the sale of Hagemeyer Brands Australia Pty Limited

Effective on July 28, 2011, the Group sold to Shriro Australia Pty Ltd its subsidiary, Hagemeyer Brands Australia Pty Ltd, a company involved in the distribution of kitchen appliances in Australia for an amount of AUD54 million. The Group provided to the purchaser certain warranties limited to a maximum amount of AUD21.6 million for business liabilities and AUD43.2 million for tax liabilities. Warranty of business liabilities expires over a 18-month period and warranty for tax claim over a 5-year period after completion of the sale transaction.

Warranties given in connection with the sale of Kompro B.V.

Effective on September 30, 2011 the Group sold to the management its multi-function printer businesses operated by Kompro B.V., in The Netherlands, for a total consideration of €5.3 million of which €0.6 million converted in a vendor subordinated loan due 2016. The Group granted to the purchaser warranty for liabilities limited to €4.7 million and expiring over 12 months after completion of the transaction.

Tax warranties

In connection with previous divestment transactions, the Group is committed to indemnify the purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.

As of December 31,2011, only Techpac Holdings Ltd has notified to Hagemeyer N.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as "Vendors" and Techpac Holdings Ltd as "Purchaser" ("the SSA"). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer N.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

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

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

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

25. EVENTS AFTER THE REPORTING PERIOD

On February 1, 2012, the Group acquired 100% of the issued and outstanding shares of Liteco Inc., the largest independent distributor of electrical supplies in Atlantic Canada which posted sales of circa €50 million in 2011.

26. CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2011

	Head office	% Interest
FRANCE		
Holding companies and Group services companies		
Rexel S.A.	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
Société Logistique Appliquée S.N.C.	Paris	100.00
Rexel Financement S.N.C.	Paris	100.00
Rexel Amérique Latine S.A.S.	Paris	100.00
SCI Adour Bastillac	Paris	70.00
SCI CM Immobilier	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Bastia	100.00
Bizline S.A.S.	Paris	100.00
Citadel S.A.S.	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa S.A.S	Rosny sous Bois	100.00
R-Scan	Pacé	100.00
Distodiag	Pacé	100.00
Enerlogy	Pacé	100.00
SBEM	Pacé	100.00

	Head office	% Interest
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Simple System GmbH & Co KG	Munich	20.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deuthschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
CDME UK Ltd	Potters Bar	100.00
Rexel Senate Ltd	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00
Martines Ltd	Potters Bar	100.00
Power Industries Ltd	Erdington	100.00
Clearlight Electrical Ltd	Erdington	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00
Senate Group Ltd	Potters Bar	100.00
John Godden Ltd	Potters Bar	100.00
Sunbridge TradingCo. Ltd	Potters Bar	100.00
Sunbridge Electrical Wholesalers Ltd	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00
Rexel (UK) Ltd	Birmingham	100.00
Newey & Eyre Ltd.	Birmingham	100.00
Parker Merchanting Limited	Birmingham	100.00
WF Electrical Plc	Dagenham	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00
Neilco Ltd.	Birmingham	100.00
Warrior (1979) Ltd.	Birmingham	100.00
Newey & Eyre International Ltd.	Birmingham	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00
A&A Security Technologies Limited	Birmingham	100.00
Defiance Contractor Tools Limited	Birmingham	100.00
J&N Wade Limited	Dagenham	100.00
Blackstone Holdings Limited	Dagenham	100.00
OLC Limited	Dagenham	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00
OLC (Holdings) Ltd.	Dagenham	100.00
Sweden		
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00
Storel AB	Lila edet	100.00
Moel AB	Bredaryd	100.00

	Head office	% Interest
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer NV	Hoofddorp	100.00
Rexel NCE Supply Solutions B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel NCE B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Agrate Brianza	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Belgium		
Rexel Belgium S.A.	Brussells	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Dublin	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00
Portlaoise Electrical Wholesale Ltd	County Laois	100.00
Gen-Weld safety EquipementCy Ltd	Limerick	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	100.00
Switzerland		
Rexel Holding Switzerland S.A.(1)	Sion	100.00
Elektro Material AG	Zurich	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
REXEL RE S.A.	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Prostejov	100.00
Slovakia		
Hagard Hal AS	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services LLC	Budapest	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00

(1) Formerly *Finelec Développement SA.*

	Head office	% Interest
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Elektroskandia Suomi Oy	Hyvinkää	100.00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100.00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00
SOUTH AMERICA		
Peru		
REXEL PERU S.A.C.	Lima	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Rexel Electra SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Elektroskandia Indústria E Commércio Lta.	Sao Paulo	100.00
Nortel Suprimentos Industrias S.A.	Campinas	100.00
MRO IMPORTACOES LTDA.	Curitiba	100.00
NORTH AMERICA		
United States		
Rexel International Projects Group, Inc.	Dallas	100.00
Rexel Holdings USA Corp.(1)	Wilmington	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00
SPT Holdings Inc.	Dallas	100.00
Summers Group Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Branch Group Inc.	Dallas	100.00
Southern Electric Supply Company Inc.	Dallas	100.00
Consolidated Electrical Supply Limited	Freeport	99.80
General Supply & Services Inc.	Shelton	100.00
Gesco General Supply & Services Puerto Rico LLC	Puerto Rico	100.00
General Supply & Services Malaysia LLC	Shelton	100.00
General Supply & Services Macau LLC	Shelton	100.00
General Supply & Services Indonesia LLC	Shelton	100.00
General Supply & Services SA Holding LLC	Shelton	100.00

(1) Formerly *International Electrical Supply Corp.*

	Head office	% Interest
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	St Laurent	100.00
Mexico		
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00
Bermuda		
HCL Limited	Hamilton	100.00
ASIA OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd	Hong Kong	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00
Waelchli & Co. Ltd	Hong Kong	100.00
LuckyWell Int'l Investment LTD	Hong Kong	100.00
China		
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65.00
Zhejiang Huazhang Electric Trading Co Ltd	Huanzhou	70.00
GE Supply (Shanghai) Co. Ltd.	Shanghai	100.00
Rexel China Management Co Ltd	Shanghai	100.00
Suzhou Xidian Co Ltd	Suzhou	63.50
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	63.50
Beijing LuckyWell-ZN Electrical Co., Ltd	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co., Ltd	Beijing	65.00
India		
Yantra Automotion Private Limited	Pune	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
QI-YI General Supply & Services Macau Ltd	Macau	100.00
Korea		
Gexpro korea Co. Ltd	Seoul	100.00
Indonesia		
P.T. Sutra Hacelindo	Jakarta	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00
Pt General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00
Japan		
Rexel Japan KK	Tokyo	100.00
Singapore		
Gexpro Supply Asia Pte Ltd	Singapore	100.00
Rexel South East Asia Pte. Ltd.	Singapore	100.00

	Head office	% Interest
Thailand		
Rexel General Supply and Services Co Ltd	Bangkok	49.00
Australia		
Rexel Pacific Pty[1]	Sydney	100.00
Rexel Group Australia Pty[2]	Sydney	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00
EIW Holding Pty Ltd	Perth	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00
New Zealand		
Hagemeyer (NZ) Ltd	Auckland	100.00
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00

(1) Renamed *Rexel Holdings Australia Pty. Ltd* on January 1st, 2012.

(2) Renamed *Rexel Electrical Supplies Pty. Ltd* on January 1st, 2012.

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ANNEX A

This Annex A contains extracts from the English version of our reference document for the year ended as of and for December 31, 2012, the French version of which was filed with the French Autorité des Marchés Financiers on March 13, 2013 under the number D.13-0130 (the "2012 Reference Document"). The information in this Annex A has not been updated since March 13, 2013, and speaks only as of its date. Any statement contained in this Annex A shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained in this offering memorandum modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering memorandum. Cross references to sections of the 2012 Reference Document that are not included in this Annex A shall be deemed not made and the corresponding sections shall not be considered part of this Annex A. This Annex A is an important part of this offering memorandum.

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1 OVERVIEW OF THE REXEL GROUP

1.1 SELECTED CONSOLIDATED FINANCIAL DATA 8

1.2 HISTORY AND DEVELOPMENT 10

1.2.1 Company name 10
1.2.2 Place of registration and registration number 10
1.2.3 Date and term of incorporation 10
1.2.4 Registered office, legal form and applicable law 10
1.2.5 Rexel Group history 10

1.3 RECENT ACQUISITIONS AND DISPOSALS 11

1.4 BUSINESS AND STRATEGY 11

1.4.1 The Rexel Group's markets 12
1.4.2 Professional distribution of low- and ultra-low voltage products 15
1.4.3 The Rexel Group's competitive advantages 21
1.4.4 The Rexel Group's strategy 24
1.4.5 Other activities of the Rexel Group – Digital Products International 27
1.4.6 Research and development, patents and licenses 27

1.5 ORGANIZATION 28

1.5.1 Organizational chart 28
1.5.2 Principal subsidiaries as of December 31, 2012 28

1.6 PROPERTY AND EQUIPMENT 31

1.7 INVESTMENTS 32

1.7.1 Completed investments 32
1.7.2 Principal investments in progress 32
1.7.3 Principal planned investments 32

1.8 REGULATIONS 33

1.8.1 Product liability 33
1.8.2 Environmental regulations 33

1

1.1 SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial data set forth below has been prepared on the basis of the consolidated financial statements of Rexel for the years ended December 31, 2012, 2011 and 2010.

REXEL'S CONSOLIDATED INCOME STATEMENT HIGHLIGHTS

(in millions of euros)	2012	2011 restated[(1)]	2011	2010
Sales	13,449.2	12,717.1	12,717.1	11,960.1
Gross profit	3,315.0	3,117.5	3,117.5	2,945.6
As a % of sales	*24.6%*	*24.5%*	*24.5%*	*24.6%*
EBITA[(2)]	767.4	722.3	719.6	615.9
Adjusted EBITA[(2)]	765.6	728.7	726.0	592.5
As a % of sales	*5.7%*	*5.7%*	*5.7%*	*5.0%*
Operating income	647.4	599.6	596.9	485.4
Net income	318.6	316.0	319.0	229.2
Net income attributable to the Rexel Group	318.1	315.3	318.3	228.5
ROCE[(3)]	*10.0%*	*11.8%*	*11.5%*	*10.2%*

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).
(2) EBITA (earnings before interest, taxes and amortization) is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses. Adjusted EBITA (**"Adjusted EBITA"**) is defined as EBITA excluding the estimated non-recurring net impact from changes in copper-based cable prices (see paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence*). EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITA and Adjusted EBITA differently than Rexel.
(3) The calculation of ROCE (Return On Capital Employed) is detailed in the table below.

ROCE is determined as follows:

(in millions of euros)	2012	2011 restated[(1)]	2011	2010
EBITA	767.4	722.3	719.6	615.9
Amortization of intangible assets recognized upon allocation of the acquisition price	(13.3)	(15.7)	(15.7)	(22.8)
Assumed tax[(2)]	(221.7)	(156.9)	(155.6)	(121.6)
Profitability (A)	**532.4**	**549.7**	**548.3**	**471.5**
Tangible and intangible assets, including goodwill	5,687.7	5,199.6	5,199.6	5,111.0
Inventory	1,426.7	1,240.8	1,240.8	1,203.1
Accounts receivable	2,123.9	2,122.9	2,122.9	2,022.0
Other assets	502.5	476.2	476.2	436.1
Accounts payable	(1,937.2)	(1,903.3)	(1,903.3)	(1,866.2)
Other current liabilities	(703.7)	(708.9)	(708.9)	(623.9)
Employee benefits, provisions and other non-current liabilities	(474.7)	(438.0)	(323.8)	(330.7)
Adjustment of goodwill in connection with Rexel acquisition in 2005[(3)]	(1,322.0)	(1,322.0)	(1,322.0)	(1,322.0)
Capital employed (B)	**5,303.2**	**4,667.3**	**4,781.5**	**4,629.4**
ROCE (A) / (B)	***10.0%***	***11.8%***	***11.5%***	***10.2%***

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).
(2) Assumed tax is calculated by applying to the sum of the preceding elements the effective tax rate of the Rexel Group for the relevant period (tax on income divided by the net income before tax and share of profit of associates).
(3) Elimination of goodwill and of the intangible assets recorded in connection with the acquisition of the Rexel Group by investors in 2005. This amount was calculated once only in 2005 and is not adjusted in subsequent financial periods, in particular in respect of changes in the exchange rates.

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

(in millions of euros)	2012	2011 restated(1)	2011	2010
Operating income	647.4	599.6	596.9	485.4
(–) Other income(2)	(15.9)	(39.6)	(39.6)	(16.1)
(+) Other expenses(2)	122.6	146.6	146.6	123.8
(+) Amortization of intangible assets recognized on the occasion of purchase price allocations	13.3	15.7	15.7	22.8
= EBITA	**767.4**	**722.3**	**719.6**	**615.9**
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices(3)	(1.8)	6.4	6.4	(23.4)
= Adjusted EBITA	**765.6**	**728.7**	**726.0**	**592.5**
Adjusted EBITA margin	5.7%	5.7%	5.7%	5.0%

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).
(2) See notes 7.1 and 7.2 to Rexel's consolidated financial statements for the year ended December 31, 2012, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.
(3) See paragraphs 2.1.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence*.

REXEL'S CONSOLIDATED CASH FLOW STATEMENT HIGHLIGHTS

(in millions of euros)	2012	2011	2010
Operating cash flow(1)	748.5	739.3	580.2
Changes in working capital requirements	(37.2)	(69.9)	42.0
Cash generated from operating activities before net interest and income taxes	711.3	669.4	622.2
Net capital expenditure	(83.8)	(68.4)	(52.4)
Free cash flow before net interest and income taxes(2)	627.5	601.0	569.8

(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

	DECEMBER 31,			
(in millions of euros)	2012	2011 restated(1)	2011	2010
Non-current assets	5,910.2	5,437.8	5,454.1	5,390.7
Working capital requirements	1,433.5	1,231.6	1,231.6	1,192.2
Shareholders' equity	4,117.6	4,041.9	4,150.8	3,834.4
Net indebtedness	2,599.2	2,078.2	2,078.2	2,273.3
Other non-current liabilities	626.9	549.3	456.7	475.2

(1) 2011 data restated to reflect the impact of the change in accounting method resulting from the early adoption in 2012 of revised IAS 19 on accounting for employee benefits (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2012, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

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

1.2 HISTORY AND DEVELOPMENT

1.2.1 Company name

Rexel's company name is "Rexel".

1.2.2 Place of registration and registration number

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

1.2.3 Date and term of incorporation

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

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

1.2.4 Registered office, legal form and applicable law

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

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

1.2.5 Rexel Group history

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

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

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

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

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

Organic growth has been coupled with a selective acquisitions strategy. The Rexel Group has acquired companies with a regional, national or international presence, allowing it to strengthen its position in targeted regions, as well as companies established in emerging markets offering strong growth potential. Between 2006 and 2012, the Rexel Group carried out 50 consolidating acquisitions, representing approximately €1,950 million in sales, as well as two transforming acquisitions: the acquisition of GE Supply in 2006 and the acquisition of the Hagemeyer group in 2008.

1.3 RECENT ACQUISITIONS AND DISPOSALS

The acquisitions and divestitures carried out during the financial years ended December 31, 2010 and December 31, 2011 are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272 and in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164, respectively.

The acquisitions and divestures carried out during the financial year ended December 31, 2012 are described in note 3.1 of the Notes to Rexel's consolidated financial statements for the financial year ended on December 31, 2012 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*. The acquisitions and divestitures carried out after December 31, 2012 are described in paragraph 4.6 "Significant changes in the Issuer's financial or commercial position" of this *Document de Référence*.

1.4 BUSINESS AND STRATEGY

The Rexel Group believes that it is one of the leading low- and ultra-low voltage electrical products distributors worldwide based on its 2012 sales and number of branches. At December 31, 2012, the Rexel Group had operations in 37 countries across four areas: Europe, North America, Asia-Pacific and Latin America.

The consolidated sales of the Rexel Group for 2012 amounted to €13,449.2 million, 56% of which were generated in Europe, 32% in North America, 10% in Asia-Pacific and 2% in Latin America. Based on 2012 sales, the Rexel Group believes that it is the top distributor in the Asia-Pacific region, and number two in Europe and in North America. The Rexel Group recorded an Adjusted EBITA in 2012 representing 5.7% of the 2012 consolidated sales.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (60% of its 2012 sales), industrial companies (22% of its 2012 sales), commercial market companies, including municipalities and public entities (7% of its 2012 sales), as well as an "other customers" category, which includes resellers and large do-it-yourself stores (11% of its 2012 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 2012 sales: electrical installation equipment (44% of sales); cables and conduits (25% of sales); lighting (18% of sales); security and communication (6% of sales); climate control (4% of sales); tools (2% of sales); and white and brown products (1% of sales). The Rexel Group adds value to its offering by providing related services, including logistics, technical assistance and training services.

As of December 31, 2012, the Rexel Group's branch network consisted of 2,335 branches organized around various commercial banners and had 30,416 employees.

The operating sectors on which the consolidated financial statements of the Rexel Group are based are presented in note 4 to the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

1

1.4.1 The Rexel Group's markets

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

Characteristics of the professional distribution market

Significant market size

Based on its estimates, the Rexel Group believes that the market for professional distribution of low and ultra-low voltage electrical products amounted to approximately €165 billion worldwide in 2012, up by approximately 2% over 2011, at constant foreign exchange rates.

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

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

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

– distributors of electrical equipment specialized in e-commerce;

– distributors specialized in certain market segments, particularly low voltage eletrical equipment.

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

A growing market

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

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

– energy issues awareness; and

– increased demand for comfort and safety.

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

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

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

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

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

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

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

A generally more mature market in countries with developed economies

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

The development of new markets

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

On the basis of a multi-criteria analysis of the different emerging markets (taking into account, for example, market potential, ease of access to customers, strategic importance of local suppliers, standardization of equipment, importance of multi-brand distributors and the

existing state of professional distribution), the Rexel Group believes that some countries or regions, including China, Brazil and the Middle East, offer, in the long run, a major growth opportunity with a distribution market that still represents a relatively small portion of end-consumption.

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

Renewal of product offering that supports price increases

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

A fragmented market

At the worldwide level, the market for the professional distribution of low and ultra-low voltage electrical products is characterized by a large number of distributors. The Rexel Group believes that through its network of 2,335 branches it held a market share of approximately 8% in 2012.

The level of market consolidation is extremely varied from country to country. More specifically, in the United States, the market can be divided into two categories: 7 distributors with a multi-regional scope (including the Rexel Group), which the Rexel Group believes represent approximately 40% of all sales made in 2012, and an extremely fragmented group of distributors with a regional scope, as the top 200 distributors, including the 7 largest, represent only 60% of the market. This results, in particular, from the geographic breadth of the market and the historical presence of distributors active only in specific local markets. By contrast, in certain countries such as France, The Netherlands, Australia, the United Kingdom, Scandinavia or Canada, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of distributors who have consolidated and structured these markets.

The Rexel Group estimates that, in 2012, approximately 25% of worldwide sales in the market for the professional distribution of low and ultra-low voltage electrical products were made by 8 major distributors: Rexel, Sonepar and Consolidated Electrical Distributors, acting on the principal world markets, Graybar Electric Company, W.W. Grainger and WESCO International, which principally operate in North America, and Solar and Ahlsell, which principally operate in Northern continental Europe.

The remaining approximately 75% of worldwide sales on the market for the professional distribution of low and ultra-low voltage electrical products is generated by a large number of medium-sized businesses that operate on a national, regional or local level. In certain countries, 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.

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

Breakdown of the professional distribution market

Geographic breakdown of the professional distribution market

Based on the Rexel Group's estimates, North America constitutes the largest market for professional distribution of low and ultra-low voltage electrical products worldwide, representing approximately 32% of the market in 2012 (€52 billion). In 2012, Europe represented approximately 24% of the market (€40 billion) and the Asia-Pacific region represented approximately 28% of the market (€47 billion, of which Japan represented €12 billion). The other geographic zones (Latin America, Africa and the Middle-East) represented approximately €26 billion.

BREAKDOWN OF THE MARKET FOR PROFESSIONAL DISTRIBUTION OF ELECTRICAL PRODUCTS BY MAJOR COUNTRY(1)

COUNTRY	UNITED STATES	GERMANY	ITALY	FRANCE	UNITED KINGDOM	CANADA	CHINA
Size (billions of euros)	47	8	7	6	3	5	15
Exchange rate (€1)	1.3	1.0	1.0	1.0	0.8	1.3	8.1

(1) Source: Rexel estimates.

End-markets for the installation of electrical products

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

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

Rexel believes that the breakdown of Rexel Group sales in 2012 by end-markets was as follows:

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

1.4.1.2 The Rexel Group's customers and their markets

The Rexel Group offers solutions and services to a large variety of customers, including contractors, end-users with internal installation departments, parts manufacturers and panel builders. The diversity of the Rexel Group's customer base allows it to not be dependent on a given customer, although the concentration of the Rexel Group's customers can be higher in certain countries or for certain product ranges. The Rexel Group's ten most significant customers accounted for less than 10% of the Rexel Group's sales in 2012.

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

Contractors

General and specialty contractors represented 60% of the Rexel Group's 2012 sales (22% were generated through large contractors and 38% by small- and medium-sized contractors). The Rexel Group's customer base includes, depending on the type and size of a given project, electricians and small contractors, medium-sized contractors and large contracting companies. These customers are present in each of the Rexel Group's three markets: industrial, commercial and residential.

Industrial companies

Industrial companies, which are the end-users in the industrial market, accounted for 22% of the Rexel Group's 2012 sales. These customers include manufacturers, parts manufacturers, panel builders, the professionals who provide maintenance services for such machines and industrial end-users.

Commercial companies

Commercial companies consist of end-users in the commercial market, including municipalities and public entities, and represented 7% of the Rexel Group's 2012 sales. These customers include companies that operate in the commercial and retail industry, commercial services, public services and housing and transportation infrastructures.

Other customers

The Rexel Group also sells its products to other categories of clients, including resellers and large do-it-yourself stores. These customers generated 11% of the Rexel Group's 2012 sales.

1.4.1.3 Geographic breakdown of the Rexel Group's markets

The Rexel Group's operations are organized around four principal geographic areas (Europe, North America, Asia-Pacific and Latin America). The Rexel Group's 2012 sales amounted to €13,449.2 million, broken down among the various regions as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	**7,448.6**	**56**
– France	2,484.6	18
– United Kingdom	1,042.3	8
– Germany	867.6	6
– Scandinavia	934.6	7
– Benelux	604.1	4
– Others	1,515.4	13
North America	**4,348.6**	**32**
– United States	2,999.0	22
– Canada	1,349.5	10
Asia-Pacific	**1,341.9**	**10**
Latin America	**310.0**	**2**
Total	**13,449.2**	**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 2012. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 24%, 42% and 33% of its 2012 sales.

As of December 31, 2012, the Rexel Group had operations in 22 European countries. The Rexel Group believes that it is the number one or number two player in 14 of these countries, which account in the aggregate for approximately 70% of the total European market.

North America

According to its estimates and based on its 2012 sales, the Rexel Group's market share in 2012 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 number two in this area, with market shares of 6% in the United States and 25% in Canada.

In North America, the Rexel Group operates essentially in the industrial and commercial markets, and to a lesser extent in the residential market. The Rexel Group believes that the industrial, commercial and residential markets respectively represented 45%, 51% and 5% of its 2012 sales in North America.

Asia-Pacific

Thanks to its position in Australia and New Zealand, based on its estimates and 2012 sales, the Rexel Group believes that it is the leader in the Asia-Pacific region.

The Rexel Group has increased its operations in China within the last few years, and is now one of the main international distributors with operations in China, with €364.9 million in sales in 2012, in a country where the portion of products distributed by structured groups is still low due to the level of maturity of the market. With its early 2011 acquisitions, the Rexel Group now has branches in India. Lastly, the Rexel Group also operates in Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 45%, 34% and 21% of the Rexel Group's 2012 sales in the Asia-Pacific region.

Latin America

The Latin America region accounts for 2% of Rexel's 2012 sales. It includes distribution of electrical equipment in Chile and, since 2011, Brazil and Peru.

Based on its estimates, the industrial, commercial and residential markets respectively represented 71%, 18% and 11% of the Rexel Group's 2012 sales in the Latin America region.

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

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

1.4.2 Professional distribution of low- and ultra-low voltage products

1.4.2.1 A distributor of services and technical solutions

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

Broad product and technical solutions offering

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

- **electrical installation equipment** (44% of 2012 sales), which includes coupling and circuit protection equipment (such as switches, circuit breakers, meters and fuses); energy conversion and storage equipment (such as transformers, storage batteries, chargers and generators); control equipment (such as industrial automated devices and network control devices); sensors, actuators and consumption devices (such as pumps, fans, ventilators and compressors) as well as solar panels. All of these equipments are key in the electric power consumption control and optimization;
- **cables and conduits** (25% of 2012 sales), which allow for the distribution of electricity and include raceways, moldings and cable trays;
- **lighting** (18% of 2012 sales), which includes lighting sources, such as incandescent or halogen bulbs, low energy consumption light bulbs and fluorescent bulbs, and LED on the one hand, and lighting equipment on the other hand, such as interior and exterior lighting systems, sensors as well as decorative accessories;
- **security and communication** (6% of 2012 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 2012 sales), which includes ventilation, air conditioning, heating equipment (in particular those relying on renewable energy);
- **tools** (2% of 2012 sales), which include hand tools, electrical tools and measuring instruments; and
- **white and brown products** (1% of 2012 sales), which include household appliances and consumer electronics products.

The product families and percentages above solely relate to the professional distribution of low and ultra-low voltage electrical products. This activity does not include the specific services provided by certain specialized entities of the Rexel Group, such as Gexpro Services in the United States. These other businesses generated less than 2% of the Rexel Group's sales in 2012.

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

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

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

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

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

- improvements in cabling systems to support increases in computer networking bandwidth allowed by the introduction of new categories of cable;
- developments in Light Emitting Diode ("LED") technology to apply to lighting. LED technology was previously solely used in signaling systems. This change promotes energy savings, dependability and product life-span;
- developments in biometric control systems in the communication and security sector (fingerprint recognition, voice recognition, etc.);
- migration from analogue to digital transmission, which allows for the installation of a single cable network for all residential needs; and
- products relating to renewable energies (solar panels, heat pumps, etc.).

A service offering adapted to customers' needs

The Rexel Group offers its customers both:

- services directly linked to the provision of technical solutions allowing for the promotion of the electrical equipment product offering; and
- additional services in the fields of logistics and distribution allowing for greater proximity to end-customers and for the satisfaction of all of their needs through a broader offering range as compared to the traditional electrical equipment offering.

Technical solutions services

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

The Rexel Group's services include:

- **Technical assistance:** The Rexel Group assists its customers in choosing solutions best adapted to them from the large range of products and services offered. The Rexel Group also prepares technical bids and offers assistance, designing electrical installations and cabling schematics and drafting specifications. The Rexel Group

also provides electrical product inventory management for certain of its industrial and commercial customers. These services enhance the Rexel Group's knowledge of its customers' businesses, notably by allowing it to anticipate their needs. The Rexel Group provides these services through teams of experts that are based in its branches and who help sales personnel promote high value-added product families (such as VDI, security, lighting and industrial automation). In some situations, these teams work directly on the customers' premises.

- **The provision of turnkey solutions and savings commitment:** Beyond technical assistance, the Rexel Group brings its customers turnkey solutions and services, in particular in the energy-efficient field, including energy audits, return on investment calculations, financing and insurance solutions as well as support for administrative tasks involved in these projects. The Rexel Group then works in partnership with products and services suppliers and with contractors. In addition, the Rexel Group provides services to its clients in relation to budgetary monitoring and the project organization.
- **Support to large projects:** In the context of large projects, the Rexel Group may provide to its customers certain specific services such as the provision of temporary premises near the project sites or transportation solutions adapted to the timing of the project.
- **Training:** In most of its branches, the Rexel Group regularly schedules training sessions led by its employees, manufacturers and third parties in order to familiarize its customers with innovative or complex products. The Rexel Group has also offered continuous broadcasting of programs in its French branches presenting new products and training through its "Inexel TV" channel.

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

Complementary logistics and distribution services

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

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

- inventory management and provision of products on customers' production assembly lines (Production Services); and
- distribution services and spare parts in the field of electrical equipment (Parts Super Center).

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

1.4.2.2 The Rexel Group's commercial and marketing organization

A multi-network organization

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

Sales force

At the end of 2012, the Rexel Group's customer-facing employees represented 58% of its total employees.

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

- sales counter representatives, who sell products to customers, principally contractors, who come directly to the Rexel Group's branches;
- telephone representatives, who are responsible for advising customers (e.g., installation schematics) and telephone orders;
- traveling sales representatives, who visit customers in a designated, assigned zone;
- technical/commercial sales representatives, organized in competence centers, who provide technical support for traveling sales personnel and customers and who are specialized by product family or customer type; and
- specialized sales representatives who are essentially dedicated to "key accounts".

1

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

Pricing and terms of sale

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

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

Marketing functions

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

Their role includes:

- regional market analysis;
- the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;
- the preparation of competition studies, which allows them to adapt their choice of suppliers and products accordingly;
- the definition and setting-up of the services and solutions based on client typology;
- the development of products and customers nomenclatures;
- assistance and advice to sales personnel;
- assistance in the drafting and design of catalogues;
- the implementation of customer loyalty programs; and
- the design and launch of advertising campaigns at the branch level in partnership with suppliers and consistent with national or international product promotions.

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

At the end of 2012, Rexel decided to strengthen its sales and marketing teams both at group level and at the level of its subsbsidiaries, so as to have dedicated teams in specific markets.

E-commerce

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

- web portals, through which customers of the Rexel Group, contractors in particular, have access to technical information as well as information on stock availability and prices, and are able to prepare their quotes, place orders, check the status of their orders and access their invoices. Mobile versions of these portals are made increasingly available; and
- Electronic Data Interchange (EDI) and e-procurement services, through which larger customers (principally industrial and commercial customers) may connect their purchase information systems directly to Rexel's system enabling them to place orders, receive delivery confirmation and electronic invoices. These services are often tailored for each customer.

Most countries in which the Rexel group is active, including in Latin America and Eastern Europe, already offer one or the other or both of these services. These services have yet to be rolled out only in the Baltic states and Asian countries.

1.4.2.3 Logistic organization of the Rexel Group

Purchases and supply

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

- at a worldwide level, approximately thirty international suppliers are viewed by the Rexel Group as "strategic suppliers". These suppliers operate in different countries on one or more continents and have joined with the Rexel Group in international development programs;
- in each country, the Rexel Group's subsidiaries negotiate specific purchasing terms with national suppliers; and
- locally, the Rexel Group's branches may also negotiate specific commercial terms with individual suppliers.

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

In 2012, the Rexel Group made over 50% of its purchases from its 25 leading suppliers.

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

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

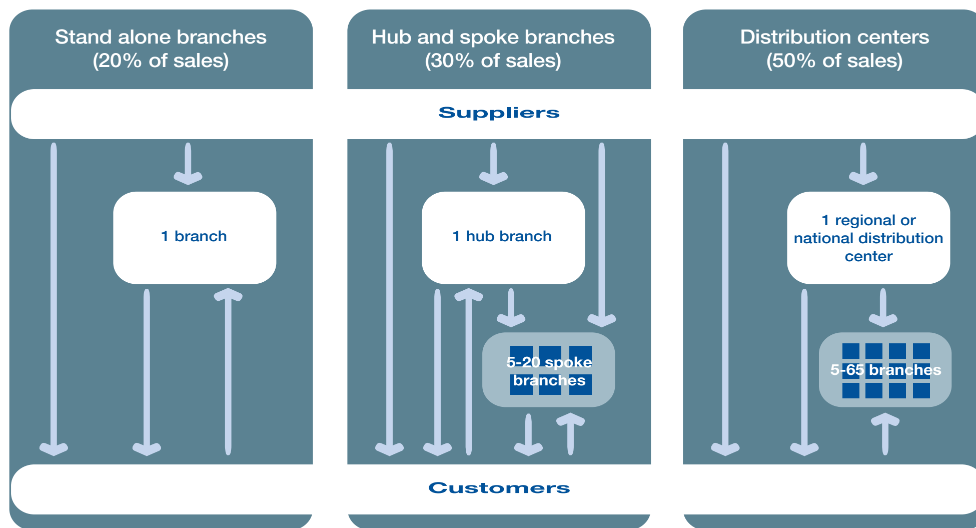
Risks related to commercial dependence are described in paragraph 2.1.1.6 "Risks relating to supplier dependence" of this *Document de Référence*.

Distribution network

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

The Rexel Group continues to streamline its logistics network since 2010. Steps taken in 2012 have had an impact in The Netherlands and in Sweden, while the first effects in southern Germany and in the State of São Paulo in Brazil are expected to be felt in early 2013.

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



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

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

1

In each of these three models, the Rexel Group makes sales through two distribution types: Rexel Group network sales and direct sales which represented 80% and 20%, respectively, of the Rexel Group's sales in 2012. Direct sales are not significant except in North America, where they represented approximately 40% of the Rexel Group's 2012 sales.

Regional or national distribution centers

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

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

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

As of December 31, 2012, the Rexel Group had 39 distribution centers in Europe. These centers were located in France, Germany, Austria, Belgium, Finland, Italy, The Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden and the United Kingdom. The 12 distribution centers in France are on average 18,000 square meters in size and each supplies between 25 and 65 branches. The 27 distribution centers in the rest of Europe are on average 7,000 square meters in size and each supplies between 5 and 45 branches.

In North America, the Rexel Group has 3 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the Rexel Group has 1 regional distribution center in New Zealand, supplying a total of 50 branches. There is one regional distribution center in Australia, principally dedicated to imports. The Rexel Group also has national distribution centers in Brazil, Chile and Peru.

Hub and spoke distribution model

In areas with lower customer concentration (notably in North America), the Rexel Group has developed through the implementation of a hub and spoke distribution model. In this model, each hub branch supplies logistics support to satellite branches in addition to carrying out its own commercial activities. The Rexel Group has 93 hub branches worldwide (of which 47 were located in North America, 35 in Europe, 7 in Asia-Pacific and 3 in Latin America) which serve generally between 4 and 20 satellite branches. In North America, the Rexel Group had as of December 31, 2012, 33 hub branches in the United States and 14 in Canada which supply 55 spoke 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 distribution centers or hub branches would not be economically efficient. Stand-alone branches are thus located in certain regions of North America, as well as in Switzerland and Australia. These branches receive their products directly from the Rexel Group's suppliers and warehouse them on location.

Extensive branch network

As of December 31, 2012, the Rexel Group had 2,335 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2010 and December 31, 2012 by geographic area:

	AS OF DECEMBER 31,		
(number of branches)	**2012**	**2011**	**2010**
Europe	**1,359**	**1,261**	**1,280**
– France	461	424	431
– Outside of France	898	837	849
North America	**619**	**506**	**524**
– United States	401	299	314
– Canada	218	207	210
Asia-Pacific	**261**	**293**	**291**
Latin America	**96**	**68**	**18**
Total	**2,335**	**2,128**	**2,113**

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

Transportation

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

In upstream product transportation, products are directly delivered to regional or national distribution centers, hub branches and stand-alone branches by the Rexel

Group's suppliers. In downstream product transportation to its branches or customers, the Rexel Group generally uses external service providers. It also increasingly uses express delivery providers. In certain countries, such as in the United States, Australia, New Zealand, Switzerland, the United Kingdom and Sweden, it also owns its own transportation means, which only account for a limited portion of the distribution.

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

1.4.3 The Rexel Group's competitive advantages

1.4.3.1 A world leadership position

The Rexel Group recorded 2012 sales of €13,449.2 million. As of December 31, 2012, it has 2,335 branches, 30,416 employees and operations in 37 countries.

Based on its estimates, the Rexel Group is one of the leaders in the market for the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches. Based on 2012 sales, the Rexel Group also believes that it is among the top two players in its three main geographic areas: North America, Europe and Asia-Pacific. Also, the countries in which the Rexel Group believes that it holds a market share exceeding 10% account for over 70% of its sales. Furthermore, the Rexel Group believes that it is the number one or number two player in 14 European countries, accounting in the aggregate for approximately 70% of the total European market.

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

The Rexel Group's position allows it to:

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

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

1.4.3.2 Diversified geographic and end-market presence

The Rexel Group estimates its 2012 sales breakdown by end-market and principal geographic area as follows:

	NORTH AMERICA	EUROPE	ASIA-PACIFIC	REXEL GROUP
Commercial	51%	42%	34%	44%
Industrial	45%	24%	45%	33%
Residential	5%	33%	21%	22%

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 56%, 32% and 10% of 2012 sales, respectively.

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

1.4.3.3 A strong local leadership

The Rexel Group generated approximately 20% of its 2012 sales in countries where it believes that it is the leader in terms of market share. The Rexel Group also believes that it holds a market share exceeding 20% in 15 out of the

37 countries in which it operated in 2012. This strong local presence tends to support growth in profitability, in so far as the Rexel Group estimates that its operating margins are generally higher in those countries where it holds significant market shares.

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

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

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

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

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

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

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

1.4.3.4 An offering of high value-added products and services

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

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

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

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

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

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

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

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

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

1.4.3.5 Experienced and skilled personnel

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

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

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

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

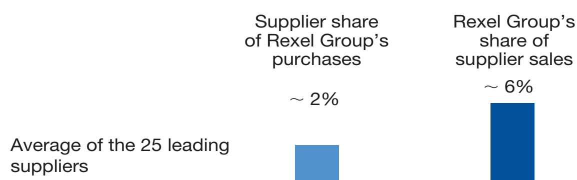
1.4.3.6 Privileged relationships with suppliers

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

These privileged relationships allow the Rexel Group to negotiate better commercial terms, to increase

productivity, to achieve economies of scale for its logistics operations and to benefit from its suppliers' marketing resources. The Rexel Group's active management of its supplier portfolio has resulted in the gradual concentration of its purchases.

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



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

1.4.3.7 An efficient logistical model

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

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

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

1.4.3.8 An economic model generating high cash flow

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

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

The Rexel Group has also maintained gross capital expenditures over the last three years at an annual level between 0.5% and 0.8% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

1.4.3.9 A flexible cost structure

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

Based on 2012 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

- variable costs based on the activity level amounting to 24% (transportation, commissions, etc.);
- fixed costs that are flexible in the very short-term amounting to 57% (wages in certain countries, advertising, various fees, etc.);
- fixed costs that are flexible in the short or medium-term amounting to 19% (wages, rents, IT system costs, etc.).

1.4.3.10 The ability to integrate acquisitions

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

Thus, between 2006 and 2012, the Rexel Group carried out 50 acquisitions, including 20 acquisitions in Europe, 9 in North America, 14 in Asia-Pacific and 5 in Latin America, as well as the acquisitions of GE Supply (renamed Gexpro) and of the Hagemeyer group.

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

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1.4.4 The Rexel Group's strategy

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

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

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

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

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

1.4.4.1 Profitable growth

Organic growth

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

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

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

In 2012, these three areas of focus represented €2 billion of sales, an increase of 5% from 2011, with growth varying from one segment to another and which is expected to gain momentum in the coming years.

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

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

Although promising in the medium- or long-term, the renewable energies business in the short term remains subject to the volatility of the policies implemented by local governments to support the development of such energies. Rexel is consolidating its position on the photovoltaic market and intends to take part in the growth of this activity country by country. In the wind energy market, the Rexel Group proposes targeted solutions for each customer, ranging from simple cable deliveries to a fully-integrated services offering (from the supply to the provision of products on the assembly

lines, as well as inventory management). In the high-growth home automation systems market, the Rexel Group has segmented its approach with offers that focus on residential buildings and are suited to commercial buildings.

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

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

External growth

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

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

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

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

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

1.4.4.2 Active resources management

Organization

At the end of 2012, Rexel decided to strengthen its sales and marketing structure, both at the level of the group and at the level of the subsidiaries, so as to have dedicated teams for high potential categories, international clients and vertical markets.

Brand architecture and structure of the commercial network

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

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

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

1.4.4.3 Culture of cooperation

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

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

- providing the best client experience: the Group's employees are attentive to its clients' needs to help better serve them and are constantly striving to find the best way to help them create value;
- bringing together its strengths to succeed: the Group's employees team up with the Group's stakeholders in a mutually beneficial spirit of cooperation;
- encouraging innovation: the Group's employees develop new business models and inventive methods to create more value;

- involving employees in order to develop their skills: managers develop the skills of their teams while providing the stakeholders with the most experienced, expert and qualified employees;
- developing mutual confidence: the Group's employees are collectively bound by their commitments and responsibilities; and
- flourishing by making a difference: the Group's employees surpass themselves to make and promote Rexel as a partner of choice.

1.4.4.4 Excellence in operations

Information systems management

The Rexel Group's historical growth by acquisition has led to the coexistence within the Rexel Group of multiple different information system platforms.

In 2012, the Rexel Group continued to develop, rationalize, conform and modernize its information technology systems in all regions where it operates, while pursuing the extension of its infrastructure consolidation program in a selective and reasoned manner. As a part of this program, the Rexel Group has entered into global or regional agreements with renowned business partners in the fields of information management, telecom networks management, business applications and office equipment. The deployments are ongoing in accordance with defined time schedules.

The Rexel Group's general objective is to have a maximum of one information system per country, capable of being adapted to customers' needs, while seeking to pool infrastructures, applications or technical platforms, to the best possible effect. Thanks to this prudent and efficient approach, information technology systems costs, which remained relatively stable compared to 2011 and account for approximately 1.6% of sales, were contained in 2012.

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

Logistics optimization

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

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

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

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

Productivity enhancement plan

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

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

E-commerce

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

In 2012, e-commerce increased by 8% compared to 2011, totalling over €1.5 billion in 2012, or 12% of the total sales. The Rexel Group's objective is for approximately 15% of its sales to be generated by e-commerce solutions by 2015.

Optimize relationships with suppliers

With purchase volumes of €10.7 billion in 2012, the Rexel Group has structured its relationships with its suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow it to shape its product offering to fit local needs and to perpetuate its profitable growth.

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

The Rexel Group intends to continue to optimize its supplier portfolio with the objective of improving its gross margin. In 2012, the Rexel Group made over 50% of its purchases from its 25 leading suppliers. The optimization of logistics

structures and the EDI (Electronic Data Interchange) should also contribute to the improvement of the Rexel Group's profitability.

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

Develop the Rexel Group's own brands

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

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

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

– high fragmentation of manufacturers.

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

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

Sales of own-brand products accounted for slightly more than 3% of Rexel Group sales in 2012, stable compared to 2011. The Rexel Group intends to continue a targeted development of its own brands.

Optimize sales prices

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

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

– customer and product segmentation;

– analysis of competition and of purchasing habits of its customers; and

– valuation of the services that are not billed separately by the Rexel Group.

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

1.4.5 Other activities of the Rexel Group – Digital Products International

Digital Products International Inc. ("DPI") is a company founded in 1971, which is based in Saint Louis, Missouri, USA. DPI distributes goods to consumer electronics distribution professionals (iPOD compatible products, DVD players, LCD televisions, home cinema systems, MP3 players, etc.) imported mainly from China. Further to a debt restructuring carried out at the end of 2009, the Rexel Group holds 66.67% of the share capital of DPI, of which 59.52% in the form of non-voting preferred shares. The Rexel Group has significant influence on this company, which is equity-accounted in its financial statements.

1.4.6 Research and development, patents and licenses

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

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

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

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

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

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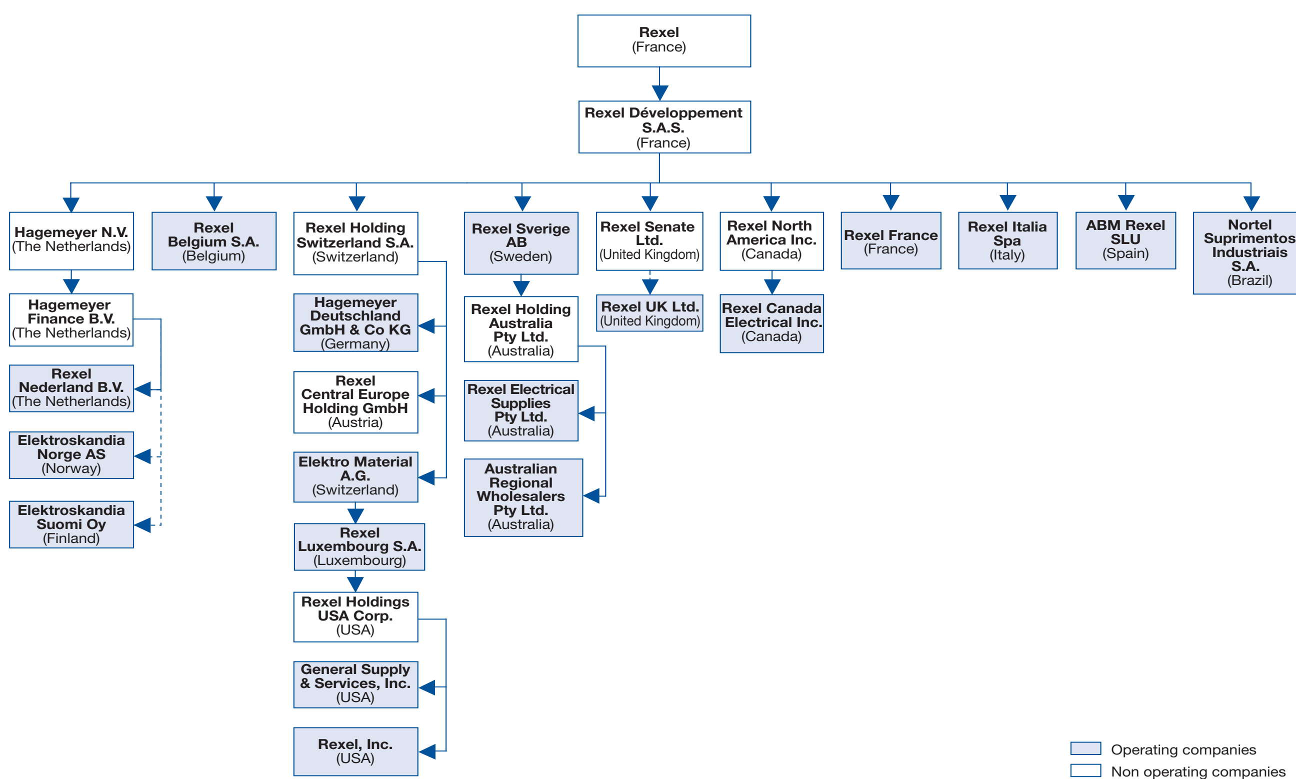
1.5 ORGANIZATION

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2012. The list of all of the companies consolidated by Rexel as of December 31, 2012 is detailed in note 27 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2012 which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.



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

1.5.2 Principal subsidiaries as of December 31, 2012

The Rexel Group comprises Rexel and its subsidiaries.

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

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

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

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

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

Rexel Développement SAS is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €1,537,745,590. Its registered office is at 189-193, boulevard Malesherbes, 75017 Paris. The company is registered under number 480 172 840 R.C.S. Paris. Rexel holds 100% of its share capital and acts as chairman of Rexel Développement. Rexel Développement provides services (management, strategic planning, finance, human resources, IT/Telecoms and legal) to the Group companies. Furthermore, Rexel Développement holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

Europe

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

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

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

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

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

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

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* under Swiss law with a share capital of CHF135,000,000. Its registered office is at Heinrichstrasse 200, 8005 Zurich, Switzerland. It is registered with the registry of commerce and companies under number CH-626.3.005.380-6. Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services. It is owned at 100% by Rexel Holding Switzerland S.A.

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

Rexel UK Limited is a limited company under English law with a share capital of 319,879,885 pounds sterling. Its registered office is at 5th Floor, Maple House – Mutton Lane, Potters Bar – EN6 5 BS Hertfordshire, United Kingdom. It is registered with the Companies House under number 434724. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. Rexel UK Limited is indirectly wholly owned by Rexel Senate Limited.

North America

Rexel Holdings USA Corp. is a corporation governed by the laws of the Delaware with a share capital of US$1,001

registered under number 20-5021845. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the acquisition and management of equity investments in other companies and the provision of services. Rexel Holdings USA Corp. is wholly owned by Rexel Luxembourg S.A.

Rexel, Inc. is a corporation governed by the laws of New York with a share capital of US $15,911,481, registered under number 13-1474527. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the distribution of electrical products. Rexel, Inc. is wholly owned by Rexel Holdings USA Corp.

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

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

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

South America

Nortel Suprimentos Industriais S.A. is a Brazilian corporation *(sociedade anonima)* with a share capital of BRL 154,933,704, registered under number CNP J/MF 46.044.053/001-05. Its registered office is at 755 rua Alessandro Payaro, 13087-600, Jardim Santa Candida, Campinas. Its main activity is the distribution of electrical equipment and ownership of equity investments in other companies. It is wholly owned by Rexel Développement.

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

CONSOLIDATION VALUE (EXCLUDING DIVIDENDS) *(in millions of euros)*	FIXED ASSETS (INCLUDING GOODWILL)	GROSS DEBT (NON-REXEL GROUP)	CASH AND CASH EQUIVALENTS	CASH FROM OPERATIONS	DIVIDENDS PAID AND DUE TO REXEL
Rexel (France)		1,575.0	127.6	25.9	–
Rexel Développement SAS (France)	3,6	(294.5)	10.8	(27.7)	–
Rexel France (France)	1,184.3	511.6	16.1	134.6	–
Rexel Holdings USA Corp. (USA)	1,056.4	201.3	32.3	80.2	–
Rexel North America, Inc. (Canada)	608.9	144.7	1.8	37.0	–
Rexel UK Limited (United Kingdom)	263.9	279.0	12.3	19.5	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	245.4	124.4	1.8	28.5	–
Elektro-Material A.G. (Switzerland)	848.6	0.1	2.3	91.0	–
Rexel Nederland B.V. (The Netherlands)	131.9	46.4	1.6	(5.1)	–
Rexel Belgium (Belgium)	59.6	47.9	0.3	28.1	–
Rexel Sverige AB (Sweden)	244.0	0.3	0.5	(0.2)	–
Elektroskandia Suomi Oy (Finland)	70.7	3.3	0.5	7.6	–
Rexel Electrical Supplies Pty Ltd (Australia)	114.4	105.6	4.4	30.4	–
Other	856.2	185.8	79.4	(51.6)	–
Total consolidated	**5,687.7**	**2,930.8**	**291.9**	**398.2**	**–**

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

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

1.6 PROPERTY AND EQUIPMENT

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

As of December 31, 2012, 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;

– 47 distribution centers located in Europe (France, Germany, Austria, Belgium, Italy, Poland, Spain, Finland, Norway, The Netherlands, Portugal, the United Kingdom, Slovenia and Sweden), North America (United States), Asia-Pacific (Australia and New Zealand) and Latin America (Brazil, Chile and Peru). Distribution centers are mainly leased and have an average surface area which varies from 8,600 sq. meters for those located in Europe (excluding France) to 15,600 sq. meters for those located in France (see paragraph 1.4.2.3 “Logistic organization of the Rexel Group” of this *Document de Référence*); and

– 2,335 branches (including hub branches) located in Europe, North America, Asia-Pacific and in Latin America. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 1,000 sq. meters. Branches are mainly leased (see paragraph 1.4.2.3 “Logistic organization of the Rexel Group” of this *Document de Référence*).

No single real estate asset of the Rexel Group is deemed significant to the Rexel Group as a whole and no significant investment in real estate assets is currently being considered. These assets are not subject to any encumbrance.

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1.7 INVESTMENTS

1.7.1 Completed investments

The table below provides details by line item at the Rexel Group level of capital expenditures, acquisitions and disposals for each of the financial years ended December 31, 2012, 2011, and 2010.

(in millions of euros)	2012	2011	2010	2010-2012 Total
CAPITAL EXPENDITURE				
IT systems	45.5	44.6	25.0	115.1
Branch renovations and openings	24.8	36.3	16.8	77.9
Logistics	17.0	12.2	11.6	40.8
Others	3.3	5.1	4.1	12.5
Total gross capital expenditure	**90.6**	**98.2**	**57.5**	**246.3**
Change in fixed assets suppliers payable	0.3	(3.4)	1.9	(1.2)
Disposals of fixed assets	(7.1)	(26.4)	(7.0)	(40.5)
Total net capital expenditure	**83.8**	**68.4**	**52.4**	**204.6**
ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES				
Acquisitions	595.6	100.5	67.3	763.4
Disposals	–	(44.8)	(13.3)	(58.1)
Total acquisitions and disposals of subsidiaries	**595.6**	**55.7**	**54.0**	**705.3**

Gross capital expenditure in 2012, 2011, and 2010 represented 0.7% 0.8% and 0.5% of Rexel Group's consolidated sales, respectively.

Capital expenditures carried out in 2012 are described in paragraph 4.3 "Cash flow" of this *Document de Référence* and were financed by the Rexel Group in cash.

1.7.2 Principal investments in progress

The roll-out of new commercial and logistical platforms launched in 2010 in the United States of America and in 2011 in the United Kingdom and in Australia has continued in 2012. In several European countries, in particular in Sweden and in The Netherlands, a consolidation plan of the information systems is being setting up, in respect of both software and infrastructure, and has been extended in 2012 to other countries. Moreover, the Rexel Group has continued to roll-out its new e-commerce platform in a process initiated in 2010 and continued the generalization of customer relation management solutions. In addition, the Rexel Group is continuing the rationalization of its logistical network, mainly in Europe, and intends to roll-out a common inventories management system.

1.7.3 Principal planned investments

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

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

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1.8 REGULATIONS

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

1.8.1 Product liability

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

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

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

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

1.8.2 Environmental regulations

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

The "RoHS" Directive

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

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

The Member States were required to transpose the new Directive in their national legislation by January 2, 2013. To the best of our knowledge, only Estonia transposed the Directive.

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

The "WEEE" Directive

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

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

The "REACH" regulations

Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006 known as the "REACH" (Registration Evaluation and Authorization of Chemicals) regulation relates to the registration, evaluation and authorization of chemical products as well as the restrictions applicable to these products. As a distributor on the European market of products that may contain chemical substances concerned by these regulations, the Rexel Group is bound to provide its customers with the information received from its suppliers and relating to the health and environment impacts of these substances. The main entity liable is the manufacturer of chemical products. The Rexel Group may, as the case may be, no longer receive certain products if a supplier was required to stop using certain substances. The Rexel Group has implemented a process aiming at collecting and providing the information in accordance with the REACH regulation.

4

RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE REXEL GROUP

4.1 GENERAL OVERVIEW 80

4.1.1 Rexel Group overview 80
4.1.2 Seasonality 80
4.1.3 Effects of changes in copper price 81
4.1.4 Comparability of the Rexel Group's operating results 81

4.2 CONSOLIDATED RESULTS 83

4.2.1 Rexel's consolidated financial results 83
4.2.2 Europe 86
4.2.3 North America 87
4.2.4 Asia-Pacific 88
4.2.5 Latin America 90
4.2.6 Other operations 91

4.3 CASH FLOW STATEMENT 92

4.3.1 Cash flow from operating activities 93
4.3.2 Cash flow from investing activities 93
4.3.3 Cash flow from financing activities 94

4.4 SOURCES OF FINANCING 95

4.5 OUTLOOK 96

4.5.1 Rexel Group 2012 outlook and estimates 96
4.5.2 Rexel Group outlook for 2013 96
4.5.3 Rexel Group medium-term outlook 96

4.6 SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR COMMERCIAL POSITION 96

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

- the operating and financial review of the Rexel Group for the year ended December 31, 2011 which is included in pages 77 to 93 and the consolidated financial statements which are included in pages 96 to 154 of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012, under number D.12-0164; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2010 which is included in pages 71 to 83 and the consolidated financial statements which are included in pages 89 to 148 of the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, as supplemented by the update to the *Document de Référence* filed with the AMF on April 28, 2011 under number D.1-0272-A01.

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

4.1 GENERAL OVERVIEW

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

4.1.1 Rexel Group overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in four geographic areas: Europe, North America, Asia-Pacific and Latin America; this last segment, which in prior years was presented in "Other operations", is now presented separately. The "Other operations" segment now mainly includes unallocated corporate overhead expenses, as other businesses managed at Group level and previously reported in this segment are now reported under the Europe segment. This geographic segmentation is based on the Group's financial reporting structure.

In 2012, the Group recorded consolidated sales of €13,449.2 million, of which €7,448.6 million were generated in Europe (56% of sales), €4,348.6 million in North America (32% of sales), €1,341.9 million in Asia-Pacific (10% of sales) and €310.0 million in Latin America (2% of sales).

Europe (56% of Group sales) consists of France (which accounts for 33% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

North America (32% of Group sales) consists of the United States and Canada. The United States accounts for 69% of Group sales in this region, and Canada for 31%.

Asia-Pacific (10% of Group sales) consists of Australia, New Zealand, China and India, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam). Australia accounts for 58% of Group sales in this region.

Latin America (2% of Group sales) consists of Brazil, Chile and Peru. Brazil accounts for 58% of Group sales in this region.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the four geographic segments, as well as for the Other operations segment.

4.1.2 Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a

general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

4.1.3 Effects of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 17% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

– **the recurring effect** related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales;

– **the non-recurring effect** related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been reconstituted (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

4.1.4 Comparability of the Rexel Group's operating results

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

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

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 4.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- **on a constant basis,** which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;
- **on a constant and same number of working days basis,** which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- **on a constant basis,** adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

Changes in accounting methods

As of June 30, 2012, Rexel has elected for the early adoption of revised IAS 19 "Employee Benefits" following its endorsement by the EU on June 6, 2012. The early adoption of this amendment provides further information as to the Group's financial situation, in particular the presentation in the financial statements of the surplus or deficit of pension funds. Accounting policy changes have been applied retrospectively as of January 1, 2011 and comparative information have been adjusted to reflect the impact on the income statement of this early adoption as follows:

(in millions of euros)	AT DECEMBER 31, 2011	AT JUNE 30, 2012
Decrease in distribution and administrative expenses	2.7	3.2
Increase of financial expenses	(6.0)	(4.5)
Deferred taxes	0.3	0.2
Decrease in net income	**(3.0)**	**(1.1)**

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2012**	**2011**
Operating income before other income and other expenses	**754.1**	**706.6**
Change in scope effects	–	13.6
Foreign exchange effects	–	25.5
Non-recurring effect related to copper	(1.8)	6.4
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	13.3	15.7
Adjusted EBITA on a constant basis	**765.6**	**767.8**

4.2 CONSOLIDATED RESULTS

4.2.1 Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the full year of 2012 and 2011, in millions of euros and as a percentage of sales.

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
REPORTED			
Sales	**13,449.2**	**12,717.1**	**5.8%**
Gross profit	3,315.0	3,117.5	6.3%
Distribution and administrative expenses [1]	(2,547.6)	(2,395.2)	6.4%
EBITA	**767.4**	**722.3**	**6.2%**
Amortization [2]	(13.3)	(15.7)	(14.9)%
Operating income before other income and expenses	**754.1**	**706.6**	**6.7%**
Other income and expenses	(106.7)	(107.0)	(0.3)%
Operating income	647.4	599.6	8.0%
Financial expenses	(200.1)	(197.1)	1.5%
Share of income from associates	3.1	2.8	10.8%
Income taxes	(131.7)	(89.3)	47.5%
Net income	**318.6**	**316.0**	**0.8%**
as a % of sales	*2.4%*	*2.5%*	
(1) Of which depreciation.	(73.7)	(72.5)	1.7%

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

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,449.2**	**13,711.2**	**(1.9)%**
Same number of working days			*(1.8)%*
Gross profit	3,312.9	3,352.3	(1.2)%
as a % of sales	*24.6%*	*24.4%*	
Distribution and administrative expenses	(2,547.3)	(2,584.5)	(1.4)%
as a % of sales	*(18.9)%*	*(18.8)%*	
EBITA	**765.6**	**767.8**	**(0.3)%**
as a % of sales	***5.7%***	***5.6%***	

Sales

In 2012, Rexel's consolidated sales amounted to €13,449.2 million, a 5.8% increase from 2011, fueled by a positive currency impact and acquisitions, each of them representing respectively 4.0% and 3.8%.

The effect of acquisitions, net of disposals, amounted to €479.2 million and resulted from:

- Acquisitions accounting for €544.1 million, of which Europe for €200.5 million (Eurodis and Société Commerciale Toutelectric (SCT) in France, Wilts Electrical Wholesale in the United Kingdom, Erka in Spain and La Grange in Belgium), North America for €232.6 million (Platt Electric Supply and Munro Distributing in the United States and Liteco in Canada), Asia-Pacific for €23.1 million (Zhongheng in China and AD Electronics in India) and Latin America for €87.9 million (V&F Tecnologia and Dirome in Peru, Delamano and Etil in Brazil); and
- Divestments accounting for €64.9 million, related to the disposal of the non-core ACE business (Agencies/ Consumer Electronics), in 2011.

In 2012, the Group recorded a positive currency impact of €515.0 million, mainly due to the strengthening against the euro of the other major currencies (including the U.S. dollar) in which it records sales.

On a constant and same number of working days basis, sales decreased by 1.8%, partially impacted by lower copper-based cable prices and weaker photovoltaic market. By geography, Europe declined by 3.3%, North America was up by 1.8%, Asia-Pacific posted a drop of 5.5% and in Latin America sales grew by 3.7%. Excluding the negative impact of 0.7 percentage point due to the lower copper-based cable prices compared to 2011 and the negative impact of 0.3 percentage point due to lower photovoltaic sales, sales were down 0.8%, on a constant basis and same number of working days. On a constant and actual number of working days basis, sales decreased by 1.9% as the calendar impact was positive at 0.1 percentage point.

SALES GROWTH 2012 COMPARED TO 2011

	Q1	Q2	Q3	Q4	YEAR-TO-DATE
Growth on a constant basis and same number of working days	1.7%	(0.1)%	(3.6)%	(4.7)%	(1.8)%
Number of working days effect	2.6%	(1.0)%	(0.6)%	(1.0)%	(0.1)%
Growth on a constant basis and actual number of working days (a)	***4.3%***	***(1.1)%***	***(4.2)%***	***(5.7)%***	***(1.9)%***
Changes in scope effect	0.6%	2.3%	6.0%	5.9%	3.8%
Foreign exchange effect	2.4%	4.7%	6.0%	3.1%	4.0%
Total scope and currency effects (b)	***3.0%***	***6.9%***	***11.9%***	***9.0%***	***7.8%***
Effective growth (a) x (b) (1)	**7.4%**	**5.8%**	**7.2%**	**2.9%**	**5.8%**

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

Gross profit

In 2012, gross profit amounted to €3,315.0 million, an increase of 6.3% as compared to 2011, on a reported basis. On a constant basis, adjusted gross profit slightly decreased by 1.2% and adjusted gross margin increased by 20 basis points to 24.6% of sales, mainly coming from better purchasing conditions in Europe.

Distribution & administrative expenses

In 2012, distribution and administrative expenses amounted to €2,547.6 million, a 6.4% increase as compared to 2011, on a reported basis. On a constant basis, adjusted distribution and administrative expenses decreased by 1.4%, while sales decreased by 1.9%. Personnel costs and other external expenditures decreased respectively by 0.9% and 1.1%, as well as building and occupancy expenses that declined by 3.3%, reflecting the effect of the 111 branch closures in 2012, mainly in the United Kingdom and the United States. At December 31, 2012, the number of employees totaled 30,416 (on a full time equivalent basis), a 2.5% decrease compared to December 31, 2011.

EBITA

In 2012, EBITA stood at €767.4 million, an increase of 6.2% from 2011, on a reported basis. On a constant basis, adjusted EBITA is almost flat at -0.3% and adjusted EBITA margin improved by 10 basis points to 5.7%. This improvement resulted from higher gross margin along with control over distribution and administrative expenses.

Other income and expenses

In 2012, other income and expenses represented a net expense of €106.7 million, consisting mainly of:

- €45.7 million goodwill impairment on the following cash-generating units: The Netherlands for €23.9 million, New Zealand for €20.2 million and Slovenia for €1.6 million, as a result of lower than expected 2012 performance, resulting in downward revised long term perspectives;
- €49.9 million restructuring costs mainly related to restructuring plans in Europe for €39.6 million, mainly in the United Kingdom, Germany, France, Sweden and in The Netherlands; in North America for €5.1 million and in Asia-pacific for €4.4 million;
- €7.8 million acquisition costs arising from completed and on-going transactions; and
- these expenses were partially compensated by €7.8 million income with respect to the release of an unused provision following a favorable judgment on a tax reassessment.

In 2011, other income and expenses represented a net expense of €107.0 million, consisting mainly of:

- €87.9 million impairment of goodwill, tangible and intangible assets on The Netherlands (€47.2 million), Spain (€20.7 million), Slovenia (€7.6 million) and New Zealand (€4.7 million), and €7.0 million of impairment on the assets of Hagemeyer Brands Australia, disposed of in July 2011;
- €39.8 million of costs related to restructuring plans implemented in Europe (€31.2 million, mainly in Spain, in the United Kingdom and in The Netherlands), in North America (€6.3 million) and Asia-Pacific (€1.9 million, mainly in New Zealand); and
- Partially compensated by a €26.1 million gain related to the disposal of Hagemeyer Brands Australia and Kompro B.V.

Net Financial income / (expenses)

In 2012, net financial expenses stood at €200.1 million, as compared to €197.1 million in 2011. The effective interest rate was 7.0% in 2012 (7.2% in 2011), as a result of the optimization of the use of cash available and lower nominal interest rates.

Share of profit/(loss) of associates

In 2012, the share of profit of associates amounted to €3.1 million, related to DPI (US consumer electronics retail distributor), compared to €2.8 million in 2011.

Tax expense

The effective tax rate was 29.4% in 2012, compared to 22.2% in 2011. In 2011, the tax rate included the impact of UK tax losses carried forward and incurred in previous periods that were recognized as a result of the group's ability to utilize these losses against future taxable profits, due to the recovery of the UK operations.

Net income

Net income amounted to €318.6 million in 2012, a 0.8% increase as compared to €316.0 million in 2011. The positive evolution of the operating income is offset by the rise in the effective tax rate.

4.2.2 Europe (56% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
REPORTED			
Sales	**7,448.6**	**7,420.7**	**0.4%**
Gross profit	2,015.2	1,958.9	2.9%
Distribution and administrative expenses	(1,481.5)	(1,447.0)	2.4%
EBITA	**533.7**	**511.9**	**4.3%**
as a % of sales	*7.2%*	*6.9%*	

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,448.6**	**7,723.7**	**(3.6)%**
Same number of working days			*(3.3)%*
Gross profit	2,012.1	2,042.9	(1.5)%
as a % of sales	*27.0%*	*26.4%*	
Distribution and administrative expenses	(1,481.3)	(1,524.6)	(2.8)%
as a % of sales	*(19.9)%*	*(19.7)%*	
EBITA	**530.9**	**518.3**	**2.4%**
as a % of sales	***7.1%***	***6.7%***	

In 2012, sales in Europe amounted to €7,448.6 million, an increase of 0.4% from 2011, on a reported basis. Acquisitions accounted for €200.5 million. Favorable exchange rate variations accounted for €102.5 million, due to the appreciation of the British Pound and the Swiss franc against the euro. On a constant and same number of working days basis, sales decreased by 3.3% from 2011, reflecting the economic slowdown of major European countries. Excluding the negative impact of photovoltaic sales, sales decreased by 2.8%, on a constant basis and same number of working days.

In France, sales amounted to €2,484.6 million in 2012, a 2.4% decrease as compared to 2011 on a constant and same number of working days basis, reflecting lower demand on the three end-markets and, consequently, a decrease in cable sales and industrial equipment partially offset by higher volumes in lighting products.

In the United Kingdom, sales amounted to €1,042.3 million in 2012, a decrease of 3.3% from 2011 on a constant and same number of working days basis, reflecting the unfavorable impact of branch closures and the drop in photovoltaic sales. Excluding both effects, sales decreased by 1.8% from 2011 on a constant and same number of working days basis, mainly resulting from lower projects activity, especially due to the base effect of the Olympics that favored 2011.

In Germany, sales amounted to €867.6 million in 2012, a 4.1% decrease from 2011 on a constant and same number of working days basis. Excluding photovoltaic sales, sales were down 1.3% from 2011 on a constant and same number of working days basis, reflecting a lower demand in the construction and industrial end-markets.

In Scandinavia sales amounted to €934.6 million in 2012, a decrease of 1.2% from 2011 on a constant and same number of working days basis. A 0.7% increase in sales was recorded in the operations in Norway while sales in Finland and Sweden posted respectively a 2.5% and 2.0% decrease.

In Benelux, sales amounted to €604.1 million in 2012, a 6.9% decrease from 2011 on a constant and same number of working days basis. Operations in Belgium decreased by 3.5%, affected by photovoltaic sales (-2.0% excluding photovoltaic sales), and the operations in The Netherlands posted a 9.6% decline from 2011 on a constant and same number of working days basis, as a consequence of difficult market conditions and an ongoing company reorganization process.

In Switzerland and Austria, sales amounted respectively to €414.7 million and €314.0 million in 2012. Switzerland posted a 1.4% increase from 2011 on a constant and same number of working days basis, mainly driven by higher sales of cables and lightings thanks to solid construction and industrial markets. Austria recorded a 5.2% increase from 2011 on a constant and same number of working days basis, driven by industrial and construction segments despite fierce competition.

In Southern Europe, sales amounted to €402.3 million in 2012, decreasing by 10.5% from 2011 on a constant and same number of working days basis, largely due to the macro-economic environment in Spain and Italy, with a 14.4% and 6.8% decrease from 2011, respectively.

In 2012, Europe recorded a gross profit of €2,015.2 million, an increase of 2.9% from 2011, on a reported basis. On a constant basis, adjusted gross profit decreased by 1.5% and adjusted gross margin was 27.0% of sales, an improvement of 60 basis points from 2011, mainly due to improved product mix and better purchasing terms.

Distribution and administrative expenses amounted to €1,481.5 million, a 2.4% increase from 2011, on a reported basis. On a constant basis, adjusted distribution and administrative expenses decreased by 2.8% in 2012, while sales decreased by 3.6%. Personnel costs decreased by 3.1% as compared to 2011. This decrease is mainly related to a reduction of workforce (17,057 employees at December 31, 2012, a 3.7% decrease compared to December 31, 2011) and lower employee incentives. Building and occupancy expenses decreased by 3.8% as compared to 2011 due to a reorganization of the branch network (40 branch closures) and other external expenditures decreased by 1.6% as compared to 2011.

In 2012, EBITA amounted to €533.7 million, a 4.3% increase from 2011, on a reported basis. On a constant basis, adjusted EBITA increased by 2.4% while the adjusted EBITA margin increased by 40 basis points to 7.1% of sales.

4.2.3 North America (32% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
REPORTED			
Sales	**4,348.6**	**3,738.2**	**16.3%**
Gross profit	945.7	801.7	18.0%
Distribution and administrative expenses	(720.1)	(628.0)	14.7%
EBITA	**225.6**	**173.7**	**29.9%**
as a % of sales	*5.2%*	*4.6%*	

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,348.6**	**4,267.5**	**1.9%**
Same number of working days			*1.8%*
Gross profit	946.1	925.2	2.3%
as a % of sales	*21.8%*	*21.7%*	
Distribution and administrative expenses	(720.1)	(722.7)	(0.4)%
as a % of sales	*(16.6)%*	*(16.9)%*	
EBITA	**226.0**	**202.5**	**11.6%**
as a % of sales	***5.2%***	***4.7%***	

In 2012, sales in North America amounted to €4,348.6 million, up 16.3% compared to 2011, on a reported basis. The acquisitions of Platt Electric Supply and Munro Distributing in the United States and Liteco in Canada, accounted for €232.6 million. Favorable exchange rate variations accounted for €296.7 million, due to the appreciation of both US and Canadian dollar against the euro during the period. On a constant and same number of working days basis, sales increased by 1.8% in 2012 compared to 2011.

In the United States, sales rose to €2,999.0 million in 2012, an increase of 1.0% from 2011 on a constant and same number of working days basis. Growth was driven by the oil & gas industry and energy conservation projects. We saw the first sign of recovery in residential and commercial markets. Excluding the unfavorable effect of branch closures, sales grew by 2.9% from 2011 on a constant and same number of working days basis.

In Canada, sales amounted to €1,349.5 million in 2012, up by 3.5% from 2011 on a constant and same number of working days basis. Sales were strong in the industrial end-market, particularly in the mining and oil & gas sectors.

In 2012, in North America, gross profit amounted to €945.7 million, an increase of 18.0% from 2011, on a reported basis. On a constant basis, adjusted gross profit increased by 2.3% and adjusted gross margin increased by 10 basis points compared with 2011 at 21.8% of sales, mainly due to pricing initiatives in the United States.

Distribution and administrative expenses amounted to €720.1 million, a 14.7% increase as compared to 2011, on a reported basis. On a constant basis, compared to the 1.9% increase in sales, adjusted distribution and administrative expenses decreased by 0.4% in 2012. Personnel costs slightly increased by 0.9% from 2011. The workforce was 8,647 employees as of December 31, 2012, and remained stable compared to December 31, 2011. Building and occupancy expenses decreased by 5.7% in 2012 as compared to 2011, benefiting from the reorganization of the branch network (29 branch closures in 2012).

In 2012, EBITA rose to €225.6 million, an increase of 29.9% from 2011, on a reported basis. On a constant basis, adjusted EBITA rose by 11.6% from 2011 and the adjusted EBITA margin increased by 50 basis points to 5.2% of sales.

4.2.4 Asia-Pacific (10% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2012**	**2011**	**Change in %**
REPORTED			
Sales	**1,341.9**	**1,278.4**	**5.0%**
Gross profit	281.2	279.8	0.5%
Distribution and administrative expenses	(221.2)	(201.9)	9.5%
EBITA	**60.0**	**77.9**	**(22.9)%**
as a % of sales	*4.5%*	*6.1%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2012**	**2011**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,341.9**	**1,418.6**	**(5.4)%**
Same number of working days			*(5.5)%*
Gross profit	281.8	314.6	(10.4)%
as a % of sales	*21.0%*	*22.2%*	
Distribution and administrative expenses	(221.2)	(229.0)	(3.4)%
as a % of sales	*(16.5)%*	*(16.1)%*	
EBITA	**60.6**	**85.5**	**(29.2)%**
as a % of sales	***4.5%***	***6.0%***	

In 2012, sales in Asia-Pacific amounted to €1,341.9 million, up 5.0% from 2011, on a reported basis. The acquisitions of Chinese and Indian entities contributed €23.1 million to the increase, with a further €117.2 million from favorable exchange rate variation, primarily due to the appreciation of the Australian dollar against the euro. On a constant and same number of working days basis, sales decreased by 5.5% in 2012.

Australia recorded a 7.4% decrease in sales to €773.2 million from 2011, on a constant and same number of working days basis, macro-economic conditions remaining difficult and the mining industry deteriorating in the fourth quarter 2012 (decrease in commodity prices and implementation of a new carbon tax as from July 1, 2012) and have been affected by closures of 19 branches. Excluding the unfavorable branch closure effect, sales decreased by 5.5% compared to 2011.

New Zealand recorded sales of €133.7 million in 2012, a decrease of 9.7% on a constant and same number of working days basis, from 2011. Sales have been mainly affected by the poor macro-economic environment and by the successive earthquakes in Christchurch that delayed reconstruction work.

In China, sales amounted to €364.9 million in 2012, up 2.0% from 2011, on a constant and same number of working days basis, mainly driven by the industrial automation segment and projects and affected by lower wind-power activity following the anti-dumping tax the United States enforced in July. Excluding the drop in wind-power activity, sales growth stood at 3.8%, on a constant and same number of working days basis compared to 2011.

In 2012, in Asia-Pacific, gross profit increased by 0.5% to €281.2 million, on a reported basis. On a constant basis, adjusted gross profit decreased by 10.4% from 2011 and adjusted gross margin was 21.0% of sales, a decrease of 120 basis points from 2011, as a result of unfavorable macroeconomics conditions (including commodity prices), unfavorable country mix effect (higher sales from China with lower gross margin) and one-off adjustments.

Distribution and administrative expenses amounted to €221.2 million, a 9.5% increase, on a reported basis. On a constant basis, adjusted distribution and administrative expenses decreased by 3.4% from 2011, while sales decreased by 5.4%. Personnel costs decreased by 4.4%, and workforce stood at 2,730 employees at December 31, 2012, a 6.7% decrease compared to December 31, 2011. Building and occupancy expenses and other external expenses decreased respectively by 0.6% and 4.8%, as compared to 2011.

In 2012, EBITA amounted to €60.0 million, a 22.9% decrease as compared to 2011, on a reported basis. On a constant basis, adjusted EBITA decreased by 29.2% from 2011. Adjusted EBITA margin decreased by 150 basis points to 4.5% of sales.

4.2.5 Latin America (2% of Group sales)

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
REPORTED			
Sales	**310.0**	**214.9**	**44.3%**
Gross profit	70.9	50.1	41.5%
Distribution and administrative expenses	(64.8)	(39.9)	62.3%
EBITA	**6.2**	**10.2**	**(39.7)%**
as a % of sales	*2.0%*	*4.7%*	

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**310.0**	**301.4**	**2.8%**
Same number of working days			*3.7%*
Gross profit	71.0	68.1	4.3%
as a % of sales	*22.9%*	*22.6%*	
Distribution and administrative expenses	(64.8)	(55.1)	17.5%
as a % of sales	*(20.9)%*	*(18.3)%*	
EBITA	**6.3**	**13.0**	**(51.7)%**
as a % of sales	***2.0%***	***4.3%***	

In 2012, sales in Latin America amounted to €310.0 million, up 44.3% from 2011, on a reported basis. The acquisitions of Peruvian and Brazilian entities contributed €87.9 million to the increase.

In 2012, on a constant and same number of working days basis, sales increased by 3.7% from 2011. Sales in Brazil decreased by 1.0% (58% of sales in this segment), whereas Chilean (36% of sales in this segment) and Peruvian (6% of sales in this segment) operations posted a double-digit performance, with respectively 10.1% and 18.9% increase in sales compared to 2011.

In 2012, in Latin America, gross profit amounted to €70.9 million, an increase of 41.5% from 2011, on a reported basis. On a constant basis the adjusted gross profit increased by 4.3% from 2011 and adjusted gross margin was 22.9% of sales, an increase of 30 basis points from 2011, as a result of better purchase conditions and lower inventory losses in Brazil.

Distribution and administrative expenses amounted to €64.8 million, a 62.3% increase on a reported basis. On a constant basis, adjusted distribution and administrative expenses increased by 17.5% from 2011, while sales increased by 2.8%. Personnel costs increased by 24.8% mainly due to inflation and costs incurred to build up a solid business platform in Brazil. In addition, the workforce increased by 3.1% compared to December 31, 2011, to 1,775 employees at December 31, 2012.

In 2012, EBITA amounted to €6.2 million, a 39.7% decrease compared to 2011, on a reported basis. On a constant basis, adjusted EBITA decreased by 51.7% compared to 2011. Adjusted EBITA margin decreased by 230 basis points to 2.0% of sales.

4.2.6 Other operations

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
REPORTED			
Sales	**0.2**	**64.9**	**(99.7)%**
Gross profit	1.9	27.0	(93.0)%
Distribution and administrative expenses	(60.0)	(78.3)	(23.4)%
EBITA	**(58.1)**	**(51.3)**	**13.3%**
as a % of sales	*N/A*	*N/A*	

(in millions of euros)	YEAR ENDED DECEMBER 31, 2012	2011	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**0.2**	**–**	**N/A**
Same number of working days			*N/A*
Gross profit	1.9	1.5	25.3%
as a % of sales	*N/A*	*N/A*	
Distribution and administrative expenses	(60.0)	(53.1)	13.0%
as a % of sales	*N/A*	*N/A*	
EBITA	**(58.1)**	**(51.6)**	**12.6%**
as a % of sales	***N/A***	***N/A***	

This segment mostly includes unallocated corporate overhead expenses. In 2011, the €64.9 million sales, reported in this segment, were related to the ACE businesses that were divested in 2011.

On a constant basis, EBITA decreased by €6.5 million as compared to 2011, mainly due to new profit sharing plans for employees, higher executive compensation and consulting fees linked to launching the new company plan Energy in Motion.

4.3
CASH FLOW STATEMENT

(in millions of euros)		YEAR ENDED DECEMBER 31, 2012	2011	Change in value
Operating cash flow [1]		**748.5**	**739.3**	**9.2**
Interest	(a)	(169.7)	(155.4)	(14.3)
Taxes	(a)	(143.4)	(85.9)	(57.5)
Change in working capital requirements		(37.2)	(69.9)	32.7
Net cash flow from operating activities	**(b)**	**398.2**	**428.1**	**(29.9)**
Net cash flow from investing activities		(675.2)	(124.1)	(551.1)
Including operating capital expenditures [2]	*(c)*	*(83.8)*	*(68.4)*	*(15.4)*
Net cash flow from financing activities		151.1	(158.1)	309.2
Net cash flow		**(125.9)**	**145.9**	**(271.8)**
Free cash flow:				
– before interest and taxes (b) – (a) + (c)		**627.5**	**601.0**	**26.5**
– after interest and taxes (b) + (c)		**314.4**	**359.7**	**(45.3)**

WCR as a % of sales [3] at:	DECEMBER 31, 2012	2011
Reported financial data	10.6%	9.7%
Financial data on a constant basis	10.7%	10.4%

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

4.3.1 Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an inflow of €398.2 million in 2012 compared to €428.1 million inflow in 2011.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €739.3 million in 2011 to €748.5 million in 2012. This increase was mainly due to the EBITA growth by €45.2 million from €722.2 million in 2011 to €767.4 million in 2012.

Interest and taxes

Interest paid in 2012 totaled €169.7 million compared with €155.4 million in 2011 due to a higher average debt while the effective interest rate decreased slightly at 7.0% in 2012 compared to 7.2% in 2011.

In 2012, €143.4 million was paid in income tax compared to €85.9 million paid in 2011, due to higher taxable income, mainly resulting from EBITA improvement.

Change in working capital requirements

In 2012, change in working capital requirement accounted for an outflow of €37.2 million compared to an outflow of €69.9 million in 2011. This €32.7 million improvement in working capital requirement resulted from higher cash collections from customers in 2012.

As a percentage of sales over the last 12 months, working capital requirements amounted to 10.7% as of December 31, 2012 compared to 10.4% as of December 31, 2011 on a constant basis. The increase in working capital requirements as a percentage of sales is mainly due to a higher level of inventories and a lower level of trade payables at December 31, 2012 as compared to December 31, 2011.

4.3.2 Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €675.2 million outflow in 2012, as compared to an outflow of €124.1 million in 2011.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2012**	**2011**
Acquisitions of operating fixed assets	(90.6)	(98.2)
Gain/(loss) on disposal of operating fixed assets	7.1	26.4
Net change in debts and receivables on fixed assets	(0.3)	3.4
Net cash flow from operating investing activities	**(83.8)**	**(68.4)**
Acquisitions of subsidiaries, net of cash acquired	(595.6)	(100.5)
Gain/(loss) on disposal of financial fixed assets	–	44.8
Dividends received from equity associates	3.8	0.6
Net cash flow from financial investing activities	**(591.8)**	**(55.1)**
Net change in long-term investments	**0.4**	**(0.6)**
Net cash flow from investing activities	**(675.2)**	**(124.1)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €83.5 million in 2012, compared to €71.8 million outflow in 2011.

In 2012, gross capital expenditures amounted to €90.6 million, *i.e.* 0.7% of sales for the period, of which €45.5 million related to IT systems, €24.8 million to branch acquisition and renovation, €17.0 million to logistics and €3.3 million to other investments. Disposals of fixed assets in 2012 amounted to €7.1 million. Net changes in the related payables and receivables amounted to €0.3 million, accounting for an increase in net capital expenditures for the period.

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

Financial investments

Financial investments amounted to a net outflow of €591.8 million in 2012 compared to a net outflow of €55.1 million in 2011.

In 2012, acquisitions net of cash of acquired entities resulted in an outflow of €595.6 million. These investments mainly include Platt Electric Supply and Munro Distributing company in the United-States, SCT in France, Liteco in Canada, La Grange in Belgium, Etil in Brazil, Wilts in the United Kingdom, Erka in Spain, Distribuidora Romero S.L. in Peru and Luxlight Pte Ltd in Singapore.

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

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

4.3.3 Cash flow from financing activities

Cash flow from financing activities included mainly changes in indebtedness.

In 2012, cash flow from financing activities reflected additional net inflows of €151.1 million. Outflows resulted mainly from:

- buy-back of €69.1 million of senior notes due December 15, 2016,
- dividend distribution in cash of €143.0 million,
- the acquisition of remaining non-controlling interest of Suzhou Xidian Co. company in China for €22.2 million,
- decrease in other borrowings amounting to €9,1 million, and net purchase of treasury shares of €1.5 million.

Inflows were comprised of:

- US$ 500 million issuance of senior notes amounting to €366.2 million net of transaction costs,
- €14.8 million increase in assigned receivables with respect to securitization programs,
- €9.4 million from finance lease, and
- €2.6 million increase in drawings under the senior credit facilities.

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

- repayment of drawings under the 2009 Senior Credit Agreement amounting to €695.9 million,
- buy-back of notes issued in May 2011 for €11.3 million,
- a decrease in assigned receivables with respect to securitization programs by €5.0 million and related transaction costs of €3.2 million,
- dividend distribution for 2010 period of €105.3 million, and
- acquisition of treasury shares of €30.8 million.

Inflows were comprised of :

- bond issue in May 2011 of €492.8 million net of transaction costs,
- other variations in credit lines amounting to €94.4 million, primarily consisting of the issue of commercial paper (for an €47.8 million increase in commercial paper),
- €16.6 million from new leasing transactions, and
- capital increases of €88.5 million, of which €86.0 million related to the dividends paid in shares.

4.4 SOURCES OF FINANCING

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

At December 31, 2012, Rexel's consolidated net debt amounted to €2,599.2 million, consisting of the following items:

	DECEMBER 31,					
	2012			2011		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,504.3	1,504.3	–	1,181.4	1,181.4
Credit facility	–	25.9	25.9	–	30.6	30.6
Securitization	351.7	747.8	1,099.5	105.9	973.5	1,079.4
Bank loans	43.3	16.7	60.0	39.7	8.1	47.8
Commercial paper	114.8	–	114.8	104.8	–	104.8
Bank overdrafts and other credit facilities	77.6	–	77.6	86.0	–	86.0
Finance lease obligations	51.2	31.1	82.3	6.8	22.9	29.7
Accrued interest [1]	9.4	–	9.4	10.0	–	10.0
Less transaction costs	(20.5)	(22.6)	(43.1)	(19.8)	(33.9)	(53.7)
Total financial debt and accrued interest	***627.6***	***2,303.2***	***2,930.8***	***333.4***	***2,182.6***	***2,516.0***
Cash and cash equivalents			(291.9)			(413.7)
Fair value hedge derivatives			(39.8)			(24.1)
Net financial debt			**2,599.2**			**2,078.2**

(1) Of which accrued interest on Senior Notes in the amount of €4.5 million at December 31, 2012 (€3.5 million at December 31, 2011).

The components of the net financial debt are described in detail in note 20 of Rexel's consolidated financial statements at December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

During 2013, Rexel is contemplating to refinance its Credit Facilities (including the bilateral facility) maturing in December 2014, to exercise its ability to redeem its Senior Notes maturing in December 2016 and to fund this redemption with a new bond issue (in accordance with the group's policy to actively manage its bonds issuances, Rexel may, from time to time and depending on market conditions, effect open-market purchases of its senior notes). In addition, Rexel should refinance its Europe 2008 securitization program maturing in December 2013.

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

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

At December 31, 2012, Rexel's ratings by the financial rating agencies were as follows:

DECEMBER 31, 2012			
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long term debt	Ba2	BB	BB
Outlook	Stable	Stable	Stable
Short term debt	NP	B	B

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

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

Other Rexel Group commitments are detailed in note 23 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

4.5 OUTLOOK

The objectives and estimates presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown to the Rexel Group as of the date of this Document de Référence. In addition, the occurrence of certain of the risks described in chapter 2 "Risk Factors and Internal Control" of this Document de Référence could have an impact on the business, the financial condition, and the results of operations of the Rexel Group and hence its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives will be met.

4.5.1 Rexel Group 2012 outlook and estimates

In the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164, Rexel had announced that organic growth excluding the impact of copper in 2012 should continue to outperform the weighted average GDP growth of the regions in which the Group operates.

Rexel had also annouced that, in this context, Rexel should also in 2012:

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

On the basis of Rexel's consolidated financial statements for the financial year ended on December 31, 2012, sales decreased by 1.8% on a constant and same days basis, the Adjusted EBITDA margin stood at 5.7% and the amount of available cash flow before interest and taxes stood at €627.5 million.

4.5.2 Rexel Group outlook for 2013

The trend in organic sales is likely to remain negative in the first half, with an expected return to growth in the second half, helped by improving indicators in North America and fast-growing countries. As a result, Rexel targets slightly positive organic sales growth for the year as a whole.

On this basis, Rexel aims at delivering in 2013:

- Stable Adjusted EBITA margin of 5.7%,
- Free cash flow of more than €600 million before interest and tax, corresponding to around €300 million after interest and tax.

This outlook is based on activity trends described above as well as on the following assumptions:

- Exchange rates for one euro of US dollar 1.25, British pound 0.80, Canadian dollar 1.25, Swiss franc 1.20, Australian dollar 1.25 and Swedish krona 8.75,
- A copper price around US dollar 7,500 per ton.

4.5.3 Rexel Group medium-term outlook

Assuming a return to organic sales growth in the second half of 2013 and beyond, combined with the benefits of the Energy in Motion plan, Rexel confirms its mid-term objective of an Adjusted EBITA margin above 6.5% and free cash flow after interest and tax above €500 million in 2015.

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

Since December 31, 2012, to Rexel's knowledge, and with the exception of the items described in this *Document de Référence*, there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2012.

7 CORPORATE GOVERNANCE

7.1 MANAGEMENT AND SUPERVISORY BODIES 186

7.1.1 Management Board 186
7.1.2 Supervisory Board 191
7.1.3 Supervisory Board Committees 210
7.1.4 Executive Committee 214
7.1.5 Statements concerning the Management Board and Supervisory Board 215
7.1.6 Conflicts of interest 215
7.1.7 Service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries 215

7.2 IMPLEMENTATION OF THE AFEP MEDEF CORPORATE GOVERNANCE CODE OF LISTED COMPANIES 216

7.3 COMPENSATION OF CORPORATE OFFICERS 218

7.3.1 Compensation and benefits in kind 218
7.3.2 Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers 228
7.3.3 Other benefits 231
7.3.4 Pension, retirement or similar benefits 231

7.4 MARKET ETHICS CHARTER 232

7.5 RELATED PARTY TRANSACTIONS 233

7.5.1 Principal related party transactions 233
7.5.2 Special reports of the statutory auditors in relation to related party agreements 238

Rexel is a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board, thereby separating management and supervisory responsibilities.

7.1 MANAGEMENT AND SUPERVISORY BODIES

7.1.1 Management Board

7.1.1.1 Members of the Management Board

In accordance with the provisions of the by-laws (article 14 of the by-laws), the Management Board is made up of a minimum of two members and a maximum of five members. Its members are appointed by the Supervisory Board for a term of office of four years. The age limit for serving as Management Board member is currently set at 65.

Current members of the Management Board

On the date of this *Document de Référence*, the Management Board comprises the following 2 members:

Rudy Provoost (53 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member and Chairman of the Management Board

Rudy Provoost has served on the Management Board of Rexel since October 1, 2011 and is Chairman of the Management Board since February 13, 2012.

Rudy Provoost joined Philips in 2000, as Executive Vice-President of the Consumer Electronics branch in Europe. In 2004, he became CEO of the Consumer Electronics branch and was appointed as member of the Management Board of Philips in 2006. In 2008, he became CEO of its Lighting branch and Chairman of its Sustainable Development Board. Rudy Provoost previously held various management positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Born in Belgium in 1959, he holds a degree in psychology and an MBA from the University of Gand in Belgium. Rudy Provoost currently sits on the board of the Vlerick Business School.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
October 1, 2011	From October 1, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member and Chairman of the Management Board of Rexel
– Director of Rexel France (France – unlisted company)

Abroad

– Chairman of Rexel North America, Inc. (Canada – unlisted company)
– Director and president of Rexel Holdings USA Corp. (United States – unlisted company)
– Director of Rexel UK Limited (United Kingdom – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Director of Rexel Senate Limited (United Kingdom – unlisted company)

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Director of Vlerick Business School (Belgium – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Member of the Management Board of Royal Philips Electronics (The Netherlands - listed company)
– Director of EICTA Digital Europe (Belgium – unlisted company)
– Director of LG Philips LCD (South Korea – unlisted company)
– Director of TCL Corporation (China – unlisted company)
– Director of EFQM (Belgium – unlisted company)

Pascal Martin

(55 years old)

PROFESSIONAL ADDRESS:
189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
463,254

EXPERIENCE AND EXPERTISE

Member of the Management Board

Pascal Martin has served on the Management Board of Rexel since February 13, 2007 and was renewed in his functions on May 19, 2011.

He started his career in 1980 with Société Vosgienne de Coton Hydrophile. In 1981, he joined the Renault group in Orléans (France) as Head of the Methods Department. He was appointed Production Manager in 1983, Head of a production site expansion project in 1985 and Head of Technical Services in 1989. From 1992 to 2000, he served as Chief of International Operations (1992-2000), Group Human Resources Director (1993-1999) and Chief Executive Officer of Steelcase S.A. International. Pascal Martin also held positions as Chief Executive Officer of Airborne France (1994-2001) and CEO France of Steelcase Strafor France (1999-2000). He was appointed France CEO of Guilbert SA (PPR Group) in 2001 and Chairman of the Management Board of that company in 2002. He was named CEO of the Rexel Group Business Sector in 2003, and in February 2007 was appointed member of the Management Board and Group Senior Vice-President Business Development and Corporate Operations. At the beginning of 2011, he also took the responsability of Latin America operations. In 2012, Pascal Martin became Group Senior Vice-President Corporate Strategy, Business Portfolio Management and New Businesses Development. Pascal Martin holds an engineering degree from ENSAM and is a graduate of I.C.G.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
February 13, 2007	From May 19, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France
– Member of the Management Board of Rexel
– Chairman of Citadel (France – unlisted company)
– Chairman of Bizline (France – unlisted company)

Abroad
– Chairman of the Board of Directors of Nortel Suprimentos Industriais SA (Brazil – unlisted company)
– Supervisor of LinElec Business Consulting (Shanghai) Limited (China – unlisted company)

Over the last five financial years:

In France
– Chairman of Comrex Ouest (France – unlisted company)
– Chairman of Rexel Amérique latine (France – unlisted company)
– Director of Rexel Distribution (France – unlisted company)

Abroad
– Director of Rexel, Inc. (United States – unlisted company)
– Member of the Management Board of Hagemeyer N.V. (The Netherlands – unlisted company)
– Director of General Supply & Services, Inc. (United States – listed company)
– Director of Comrex International Trading (Shanghai) Co. Ltd. (China – unlisted company)
– Alternate Director of Rexel Electra S.A. (Chile – unlisted company)
– Alternate Director of Rexel Chile S.A. (Chile – unlisted company)
– Alternate Director of Flores y Kersting (Chile – unlisted company)
– Director of Rexel International Projects Group, Inc. (IPG) (United States – unlisted company)

No title or duty exercised outside the Rexel Group

Members of the Management Board during the financial year ended on December 31, 2012

In the course of the financial year ended on December 31, 2012, the Management Board also comprised the following two members.

Michel Favre (54 years old)	PROFESSIONAL ADDRESS: 189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 83,963

EXPERIENCE AND EXPERTISE

Michel Favre began his career in 1983 with Banques Populaires as an inspector. In 1988, after two years in consulting, he joined the Valeo group where he acted as Director of Financial Control for several successive divisions before becoming CFO for several branches between 1991 and 1997. Promoted to CEO of the Climate Control Division France in 1997, he became CEO of the Lighting-Signal Systems division in 1999. In 2001 he joined Altadis Group as Chief Financial and Administrative Officer. From September 2006 to March 2009, Michel Favre had been Chief Financial and Administrative Officer of Groupe Casino. Michel Favre is a graduate of HEC. He joined the Rexel Group and was appointed Chief Financial Officer and Group Senior Vice-President in April 2009.

TERM OF OFFICE

Michel Favre served on Rexel's Management Board until October 30, 2012.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Director of Rexel France (France – unlisted company)

Abroad

– Director of Rexel Sverige AB (formerly Svenska Elgrossist AB SELGA) (Sweden - unlisted company
– Director of Elektroskandia Norge AS (Norway – unlisted company)
– Director of Rexel RE SA (Luxembourg – unlisted company)

Over the last five financial years:

In France

– Member of the Management Board of Rexel
– Director of Rexel Distribution (France – unlisted company)

Abroad

– Director of Rexel UK Ltd (United Kingdom – unlisted company)
– Director of Rexel New Zealand Limited (New Zealand – unlisted company)
– Director of Rexel International Projects Group, Inc. (IPG) (United States – unlisted company)

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

– Director of Mercialys (France – listed company)
– Chairman of Casino Restauration (France – unlisted company)
– Chairman of Banque Casino (France – unlisted company)
– CEO of SEITA (France – unlisted company)

Abroad

– Director of Companhia Brasileira de Distribuicao Brésil (Brazil – unlisted company)

Jean-Dominique Perret

(65 years old)

PROFESSIONAL ADDRESS:
189-193, BOULEVARD MALESHERBES – 75017 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
316,541

EXPERIENCE AND EXPERTISE

Jean-Dominique Perret began his career with Asea Brown Boveri in 1973. In 1975, he joined Schlumberger Services Pétroliers, where he held operational positions in the Middle East, Asia, Africa and South America as Profit Center Manager, Country or Regional Director and lastly, in January 1991, as Regional Director for Latin America. In 1993, he became Sales Engineering Director for Eastern Europe at Air Liquide. In 1994, he was promoted to Human Resources Director of several entities of the Air Liquide group. In 2001, Jean-Dominique Perret was appointed Group Senior Vice-President, Human Resources. Between 2008 and 2010, Jean-Dominique Perret carried out, in addition to his officership, the duties of Group Delegate Latin America. Since January 1, 2011, Jean-Dominique Perret has been appointed Group Delegate for International Businesses. Jean-Dominique Perret is Chairman of the association EChr – European Club for human resources (Belgium). Jean-Dominique Perret holds an engineering degree from *École Centrale Marseille* and is a graduate of the *Institut de l'Administration des Entreprises* (I.A.E.).

TERM OF OFFICE

Having reached the age of 65, Jean-Dominique Perret resigned from his functions at the close of the meeting of the Supervisory Board of November 29, 2012.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Chairman of Rexel Amérique Latine (France – unlisted company)

Abroad

– Alternate Director of Rexel Chile S.A. (Chile – unlisted company)
– Alternate Director of Flores y Kersting (Chile – unlisted company)
– Director of Rexel NCE BV (The Netherlands – unlisted company)
– Director of Nortel Suprimentos Industriais SA (Brazil – unlisted company)
– Chairman of the Board of Directors of Rexel Peru S.A.C. (Peru – unlisted company)
– Director of Cosa Liebermann B.V. (The Netherlands – unlisted company)
– Director of Hagemeyer Holdings (Australia) Pty Ltd (Australia – unlisted company)

Over the last five financial years:

In France

– Member of the Management Board of Rexel

Abroad

– Member of the Management Board of Hagemeyer N.V. (The Netherlands – unlisted company)
– Director of Rexel Material Electrico (Spain – unlisted company)
– Director of Rexel Senate Limited (United Kingdom – unlisted company)
– Director of Hagemeyer Brands Australia Pty Ltd (Australia – unlisted company)
– Director of Rexel Chile S.A. (Chile – unlisted company)
– Director of Rexel Electra S.A. (Chile – unlisted company)
– Director of Flores y Kersting (Chile – unlisted company)
– Alternate director of Rexel Electra S.A. (Chile – unlisted company)

No title or duty exercised outside the Rexel Group

Michel Favre and Jean-Dominique Perret retain their employed positions as Chief Financial Officer and Group Senior Vice-President and Group Vice-President, Human Resources and Delegate for International Businesses, respectively. They are members of the Executive Committee.

7.1.1.2 Operation of the Management Board

Missions of the Management Board

The Management Board has broad powers to act in the name of Rexel in all circumstances within the scope of Rexel's corporate purpose and subject to those powers that have been expressly granted by law or the by-laws to the shareholders' meeting and the Supervisory Board or otherwise require prior authorization from the Supervisory Board. The Management Board is also vested with the following specific powers under applicable law and the by-laws:

- to convene shareholders' meetings;
- to carry out capital increases and/or to determine the terms and conditions of capital increases pursuant to a delegation of authority from the extraordinary shareholders' meeting;
- to carry out capital reductions pursuant to a delegation of authority from the extraordinary shareholders' meeting;
- to grant to employees of Rexel options to subscribe 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.

Management Board Rules of Procedure

The Management Board of Rexel adopted its own Rules of Procedure of which the purpose is, in accordance with applicable law, regulations and by-laws, to assign certain Management Board responsibilities between the Management Board members, to determine the organization and operation of the Management Board and to set out the rights and responsibilities of its members. It is not enforceable *vis-à-vis* third parties and may not be invoked by such parties against members of the Management Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Management Board

The Management Board is made up of at least two members and no more than five members, who are appointed by the Supervisory Board. The term of their appointment is four years.

Duties and powers of the Management Board

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may also at any time request that the Management Board submit a report on Rexel's management and ongoing operations. This report may be supplemented by interim financial information on Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report to be submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews quarterly and half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, as the case may be, for violations of the provisions of the laws governing French *sociétés anonymes*, the by-laws or for negligence in their management, under the conditions and subject to the penalties provided by law.

The Management Board's Rules of Procedure sets forth those Management Board decisions that are subject to prior approval by the Supervisory Board under the terms of Rexel's by-laws. A list of such decisions is set out in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence*.

Division of responsibilities among Management Board members

Management Board members are responsible to Rexel or third parties, as the case may be, for any negligence in the performance of their duties. However, Management Board members may, with the Supervisory Board's authorization, divide management responsibilities amongst themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

Rudy Provoost is the Chairman of the Management Board. As such, he is responsible for the administration and management of the Rexel Group, as well as its strategy and orientation. His mission also includes: developing the Rexel Group's business internationally and exercising hierarchical control over the employees of Rexel.

As a member of the Management Board, Pascal Martin is in charge of the following duties and/or departments: strategy planning activities, Group portfolio businesses, particularly own brands including Bizline and the Datacom and Security business; mergers & acquisitions, development of new businesses, management of supplier relationships and marketing, development of international clients, South America, and initiatives on special markets and innovation.

Also, as it deems appropriate, the Management Board may assign to one or more of its members, or to any person who is not a member, special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers.

Meetings of the Management Board

Whenever required for the best interests of Rexel, the Management Board meets when convened by its Chairman within a reasonable delay, at Rexel's registered office or at any other place specified in the meeting notice. If specified in the meeting notice, Management Board meetings may be held by videoconference or other forms of telecommunication.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member of the Management Board who is selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of more than one half of Management Board members in attendance. Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

Information provided to the Management Board

The Chairman of the Management Board ascertains that a file containing all documents and information needed to review the items on the agenda of the Management Board meeting is sent to each member of the Management Board in a timely manner. In addition, members of the Management Board have the right to request any documents they deem necessary for a meeting, provided that they submit such requests within a reasonable time frame.

Furthermore, between meetings, members receive all appropriate information on events and transactions having a material impact on Rexel.

Charter for Management Board members

In the interest of good corporate governance, the Management Board's Rules of Procedure, to which each member of the Management Board is subject, contain a charter setting out the rights and responsibilities of the members of the Management Board.

Risk Committee

The Management Board has set up a Risk Committee in charge of managing the updating of the risk mapping and ensuring the monitoring of the risks.

7.1.1.3 Work performed by the Management Board during the financial year ended on December 31, 2012

In the course of 2012, the Management Board met 19 times. The average attendance rate was 99%.

During the financial year ended on December 31, 2012, the Management Board deliberated on, *inter alia*:

- the closing of the financial statements for the financial year ended on December 31, 2011;
- the review of the 2011 *Document de Référence*;
- the preparation of the Company's shareholders' meeting of May 16, 2012;
- the review and closing of the quarterly and half-year financial statements, the quarterly and half-year management reports drawn up by the Management Board and related financial communication;
- the issue of the 2012 Bonds and the additional issue of 2012 Bonds;
- the free allocation of shares to certain corporate officers and Rexel Group employees;
- the Rexel Group's budget for the 2012 financial year;
- Rexel Group's development projects;
- the transactions related to the employee share-ownership plan proposed to Rexel Group employees in France and abroad;
- the 2013 audit plan; and
- the review of the work of the Risks Committee.

7.1.2 Supervisory Board

7.1.2.1 Composition of the Supervisory Board

In accordance with the provisions of Rexel's by-laws (article 19 of the by-laws), the Supervisory Board is made up of a minimum of five members and a maximum of 15 members. Its members are appointed by the Ordinary Shareholders' meeting for a term of office of four years. As an exception, the members of the Supervisory Board

currently serving with a term of office of five years shall exercise their duties until the initial date of expiry of their term of office. No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Current members of the Supervisory Board

As of the date of this *Document de Référence*, the Supervisory Board was comprised of the following 11 members:

Roberto Quarta

(63 years old)

PROFESSIONAL ADDRESS:
CLEVELAND HOUSE – 33, KING STREET – LONDON SWIY 6RJ – UNITED KINGDOM

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Chairman of the Supervisory Board, Chairman of the Appointment Committee and of member of the Compensation Committee

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007.

Roberto Quarta joined Clayton Dubilier & Rice in 2001. He is a Partner of CD&R LLP. Roberto Quarta is the Chairman of the Board of Directors of IMI plc, a Non-Executive Director of Spie SA and a Non-Executive Director of Foster Wheeler AG. Roberto Quarta served as Chairman of Italtel S.p.A. and as Non-Executive Director of BAE Systems Plc and Azure Dynamic Corp. He has also held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the College of the Holy Cross.

TERM OF OFFICE

FIRST APPOINTMENT:
February 13, 2007

CURRENT TITLE:
From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Chairman of the Supervisory Board of Rexel
– Chairman of the Appointment Committee of Rexel
– Member of the Compensation Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Chairman and member of the Board of Directors of Ray Holding S.A.S. (now Rexel)
– Member of the Board of Directors of Ray Acquisition S.A.S. (France – unlisted company)
– Director of Rexel Distribution (France – unlisted company)
– Chairman of Ray Acquisition S.C.A. (now Rexel Développement) (France – unlisted company)

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Non-executive director of Spie SA (France – unlisted company)

Abroad

– Partner of CD&R LLP (United Kingdom – unlisted company)
– Chairman of the board of IMI plc (United Kingdom – unlisted company)
– Non-executive director of Foster Wheeler AG (Switzerland – listed company)

Over the last five financial years:

In France

–

Abroad

– Chief Executive Officer of Clayton, Dubilier & Rice Limited (United Kingdom – unlisted company)
– Non-executive director of BAE Systems Plc (United Kingdom – listed company)
– Chairman of Italtel S.p.A. (Italy – listed company)
– Chairman of BBA Group Plc (United Kingdom – listed company)
– Non-executive director of Azure Dynamic Corp (Canada – listed company)
– Non-executive director of IMI plc (United Kingdom – listed company)

Patrick Sayer

(55 years old)

PROFESSIONAL ADDRESS:
32, RUE DE MONCEAU – 75008 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Deputy Chairman of the Supervisory Board, member of the Strategic Committee, Chairman of the Compensation Committee and member of the Appointment Committee

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007.

Patrick Sayer has served as Chairman of the Management Board of Eurazeo since May 2002. He was previously Managing Partner of Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co. in New York. His investment experience started with the creation of Fonds Partenaires, which he supported from its outset. Patrick Sayer is Vice-President of the Supervisory Board of ANF Immobilier, member of the Advisory Board of Apcoa Parking Holdings GmbH, Director of Europcar Accor, Edenred, Elis and Moncler, Chairman of the Board of Directors of Holdelis (Elis), member of the Board of Directors of Gruppo Banca Leonardo (Italy), former Chairman of *Association Française des Investisseurs en Capital* (AFIC), Director of the *Musée des Arts Décoratifs de Paris*, member of the *Club des Juristes*, and teaches finance at the University of Paris Dauphine. Patrick Sayer is a graduate of *École Polytechnique* and *École des Mines de Paris*.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
February 13, 2007	From May 20, 2010 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Deputy Chairman of the Supervisory Board of Rexel
– Chairman of the Compensation Committee of Rexel
– Member of the Appointment Committee of Rexel
– Member of the Strategic Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Chairman of the Appointment Committee of Rexel

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Chairman of the Management Board of Eurazeo (France – listed company)
– Vice-Chairman of the Supervisory Board of ANF Immobilier (France – listed company)
– Director of Accor (France – listed company)
– Director of Edenred (France – listed company)
– CEO of Legendre Holding 19 (France – unlisted company)
– Director of Europcar Group SA (France – unlisted company)
– Chairman of Eurazeo Capital Investissement (formerly Eurazeo partners) (France – unlisted company)
– Manager of Investco 3d Bingen (France – unlisted company)
– Director of Sportswear Industries Srl (Italy – unlisted company)

Abroad

– Director of Moncler Srl (Italy – unlisted company)
– Member of the Advisory Board of APCOA Parking Holdings GmbH (Germany – unlisted company)
– Director of Colyzeo Investment Advisors (United Kingdom – unlisted company)
– Member of the Board of Directors of Gruppo Banca Leonardo (Italy – unlisted company)
– Chairman of the Board of Directors of Holdelis
– Member of the Board of Directors of Tech Data Corporation (United States – listed company)

Patrick Sayer (55 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Over the last five financial years:

In France

– Director of SASP *Paris Saint-Germain Football* (France – unlisted company)
– Member of the Supervisory Board of SASP *Paris Saint-Germain Football* (France – unlisted company)
– Chairman of the Supervisory Board of ANF Immobilier (France – unlisted company)
– Permanent representative of ColAce on the Supervisory Board of Groupe Lucien Barrière (France – unlisted company)
– CEO of Legendre Holding 11 (France – unlisted company), Immobilière Bingen (France – unlisted company) and Legendre Holding 8 (France – unlisted company)
– Chairman and member of the Supervisory Board of B&B Hotels Group (France – unlisted company)
– Director of Ipsos (France – listed company)
– Chairman of the Board of Directors of Legendre Holding 18 (France – unlisted company)
– Managing partner of Partena (France – unlisted company)
– Manager of Investco 1 Bingen (France – unlisted company)
– Member of the Supervisory Board of *Presses Universitaires de France* (France – unlisted company)
– Chairman of the Board of Directors of Europcar Groupe SA (France – unlisted company)

Abroad

– Manager of Euraleo (Italy – unlisted company)
– Chairman of the Board of Directors of BlueBirds Participations SA (Luxembourg – unlisted company)
– Director of RedBirds Participations S.A. (Luxembourg – unlisted company)
– Chairman of the Advisory Board of APCOA Parking Holdings GmbH (Germany – unlisted company)
– Chairman of the Supervisory Board of APCOA Parking AG (Germany – unlisted company)

Manfred Kindle (53 years old)	PROFESSIONAL ADDRESS: CLEVELAND HOUSE – 33, KING STREET – LONDON SWIY 6RJ – UNITED KINGDOM	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

Manfred Kindle, has served on the Supervisory Board of Rexel since December 2, 2009. He was co-opted by the Supervisory Board on December 2, 2009 to replace Joseph L. Rice III. The ratification of the co-option of Manfred Kindle as member of the Supervisory Board was approved by Rexel's shareholders' meeting of May 20, 2010.

Manfred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a master's degree in engineering. He worked for Hilti AG in Liechtenstein from 1984 until 1986, and then enrolled at Northwestern University, Evanston, Illinois, where he earned an MBA. From 1988 until 1992 he was a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held several senior management positions. In 1999 he was appointed CEO of Sulzer Inc. and in 2001 CEO of Sulzer AG, where he also served as a board member. After joining ABB in 2004, Manfred Kindle was appointed CEO of ABB Group, a position he held until February 2008. He was then appointed partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. As a partner of that firm Manfred Kindle serves as Chairman of Exova Ltd., Chairman of BCA Group and as a member of the Supervisory Board of Rexel SA. He also sits on the board of Zurich Financial Services, Vermögens Zentrum Holding AG and Stadler Rail AG.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
December 2, 2009	From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Chairman of the Board of Directors of Exova Ltd. (United Kingdom – unlisted company)
– Chairman of the Board of Directors of BCA Group (United Kingdom – unlisted company)
– Director of Zurich Insurance Group (Switzerland – listed company)
– Director of Stadler Rail AG (Switzerland – unlisted company)
– Director of VermögensZentrum Holding AG (Switzerland – unlisted company)

Over the last five financial years:

In France

–

Abroad

–

David Novak (44 years old)	PROFESSIONAL ADDRESS: CLEVELAND HOUSE – 33, KING STREET – LONDON SWIY 6RJ – UNITED KINGDOM	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and Chairman of the Strategic Committee

David Novak has served on the Supervisory Board of Rexel since February 13, 2007.

David Novak is a Financial Partner of Clayton, Dubilier & Rice LLP. He joined Clayton Dubilier & Rice in 1997 after working in the Private Equity and Investment Banking divisions of Morgan Stanley & Co., Inc. and for the Central European Development Corporation, a Private Equity firm. David Novak is a Director of BCA as well as Director and Company Secretary of CD&R. He has been a director of Italtel S.p.A and of HD Supply. He is a graduate of Amherst College and the Harvard Business School.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
February 13, 2007	From May 19, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel
– Chairman of the Strategic Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Director of Rexel Distribution
– Member of the Board of Directors of Ray Acquisition S.A.S.

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Director of BCA (United Kingdom – unlisted company)
– Member of the Management Board of Ray Investment (Luxembourg – unlisted company)
– Financial partner of Clayton, Dubilier & Rice LLP (United Kingdom – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Director of Italtel S.p.A. (Italy – listed company)
– Director of HD Supply (United States – listed company)

EURAZEO represented by Marc Frappier (39 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: – (not taking into account the shares indirectly held in Rexel through Ray Investment)

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

Eurazeo was co-opted by the Supervisory Board on August 1, 2007, to replace Xavier Marin. The co-option of Eurazeo as member of the Supervisory Board was approved by Rexel shareholders' meeting of May 20, 2008.

Marc Frappier has served as permanent representative of Eurazeo, member of the Supervisory Board of Rexel since July 30, 2008. Marc Frappier is a Managing Director of Eurazeo. He was involved in the completion or the monitoring of the investments in Accor/Edenred, Apcoa, Elis, Foncia and Rexel. He began his carrier in 1996 as financial auditor within Deloitte & Touche. Between 1999 and 2006, he worked for The Boston Consulting Group (BCG) in Paris and Singapore, where he was in charge of various strategic and operational efficiency assignments within the industrial goods and services and energy sectors. He is a graduate of the *École des Mines de Paris* and holds the DECF *(Diplôme d'Études Comptables et Financières)*.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
August 1, 2007	From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Managing Director of Eurazeo (France – listed company)
– Director of Manfoncia 1 (France – unlisted company) and Manfoncia 2 (France – unlisted company)
– Vice-Chairman of the Supervisory Board of Foncia Group (France – unlisted company) and Vice-Chairman of the Supervisory Board of Foncia Holding (France – unlisted company)

Abroad

– Manager of Sphynx Sarl (Luxembourg – unlisted company), Sphynx 1 Sarl (Luxembourg – unlisted company), Sphynx 2 Sarl (Luxembourg – unlisted company), ECIP Elis Sarl (Luxembourg – unlisted company) and ECIP Agree Sarl (Luxembourg – unlisted company)
– Manager of Res 1 SA (Luxembourg – unlisted company) and Res 2 SA (Luxembourg – unlisted company)
– Deputy Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (Germany – unlisted company)
– Member of the Supervisory Board of Apcoa Parking AG (Germany – unlisted company)
– Director of Eurazeo Management Lux (Luxembourg – unlisted company)

Vivianne Akriche

(36 years old)

PROFESSIONAL ADDRESS:
32, AVENUE DE MONCEAU – 75008 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board and member of the Audit Committee

Vivianne Akriche has served as a member of the Supervisory Committee since February 11, 2013. Vivianne Akriche was coopted by the Supervisory Board to replace Luis Marini-Portugal. A draft resolution ratifying her co-option is submitted to the General Meeting.

Vivianne Akriche joined Eurazeo in 2004 where she participated in particular in the structuring or the oversight of the investments in Rexel, Moncler, OFI Private Equity, Intercos and Fonroche. From 2001 to 2004, Vivianne Akriche was part of the investment banking team of Goldman Sachs in Paris, where she advised clients on various mergers and acquisitions related topics, including investment funds and financial institutions. Vivianne Akriche is a graduate of *Hautes Études Commerciales* (HEC).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
February 11, 2013	From February 11, 2013 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Member of the Strategic Committe of Fonroche Energie SAS (France – unlisted company)

Abroad

– Member of the Management Board of Ray Investment Sarl (Luxembourg – unlisted company)
– Director of ECIP M (Luxembourg – unlisted company)
– Director of Moncler Srl (Italy – unlisted company)
– Director of Sportswear Industries Srl (Italy – unlisted company)

Over the last five financial years:

In France

–

Abroad

–

Angel L. Morales

(38 years old)

PROFESSIONAL ADDRESS:
NORTH COVE PARTNERS, LLC, 17 STATE STREET, 22ND FLOOR, NEW YORK NY 10004, UNITED STATES

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Appointment Committee and of the Strategic Committee

Angel L. Morales has served on the Supervisory Board of Rexel since June 16, 2011. Angel L. Morales was co-opted to replace Matthew Turner. His co-option was approved by Shareholders' Meeting of Rexel of May 16, 2012.

Angel L. Morales is a Managing Partner of North Cove Partners, LLC, an investment advisor to Bank of America Merrill Lynch. Prior to June 2011, Angel L. Morales was a Managing Director and member of the Investment Committee of the BAML Capital Partners ("BAMLCP") group at Bank of America Merrill Lynch. Angel L. Morales was a founding member of Merrill Lynch Global Private Equity, the private equity arm of Merrill Lynch & Co., Inc. ("Merrill Lynch") prior to Merrill Lynch's merger with Bank of America. Angel L. Morales joined Merrill Lynch in 1996. Angel L. Morales is a director and Chair of the Audit Committee of Aeolus Re Ltd, a Bermuda-based reinsurance company. Angel L. Morales is also currently a director of Hertz Global Holdings, Inc., a global car and equipment rental company. Angel L. Morales was a director of Sentillion, Inc. prior to its sale to Microsoft Corp. in 2010. Angel L. Morales received his BA in Economics from Harvard University in 1996 and his MBA from Harvard Business School in 2000.

TERM OF OFFICE

FIRST APPOINTMENT:
June 16, 2011

CURRENT TITLE:
From June 16, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board
– Member of the Strategic Committee of Rexel
– Member of the Appointment Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Managing Partner, North Cove Partners (United States – unlisted company)
– Director & Executive Committee member, Hertz Global Holdings (United States – listed company)
– Director & Chair of Audit Committee, Aeolus Re Ltd. (Bermuda – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Director, VenInfoTel ((Venezuela – unlisted company)
– Board Observer, Validus (Bermuda – unlisted company, now listed)
– Director, Sentillion (United States – unlisted company)
– Director, Atrium (United States – unlisted company)
– Director, Provo Craft (United States – unlisted company)
– Director, National Powersport Auctions LLC (United States – unlisted company)

Akshay Singh

(34 years old)

PROFESSIONAL ADDRESS:
NORTH COVE PARTNERS, LLC, 17 STATE STREET, 22ND FLOOR, NEW YORK NY 10004, UNITED STATES

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and of the Compensation Committee

Akshay Singh has served on the Supervisory Board of Rexel since June 16, 2011. Akshay Singh was co-opted by the Supervisory Board to replace Amaury Hendrickx. His co-option was approved by Rexel's shareholders' meeting of May 16, 2012.

Akshay Singh is a Principal of North Cove Partners, LLC, an investment advisor to Bank of America Merrill Lynch. Prior to June 2011, Akshay Singh was a Vice-President of the BAML Capital Partners ("BAMLCP") group at Bank of America Merrill Lynch. Akshay Singh joined Merrill Lynch Global Private Equity (the predecessor to BAMLCP) in 2008. Prior to that, Akshay Singh worked in the investment banking division of Merrill Lynch. Before joining Merrill Lynch, Akshay Singh worked as a consultant with Deloitte Consulting. Akshay Singh holds a technology degree from the Indian Institute of Technology Delhi and an MBA with high honors from The University of Chicago Booth School of Business.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
June 16, 2011	From June 16, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel
– Member of the Compensation Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Principal of North Cove Partners, LLC (United States – unlisted company)
– Member of the Management Board of Ray Investment (Luxembourg – unlisted company)

Over the last five financial years:

In France

–

Abroad

– Director of VenInfoTel LLC (Venezuela – unlisted company)
– Director and chair of Audit Committee of Euromedic International Group (The Netherlands – unlisted company)

François David* (71 years old)	PROFESSIONAL ADDRESS: MOELIS, 121 AVENUE DES CHAMPS ELYSÉES – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Compensation Committee and of the Strategic Committee

François David has served on the Supervisory Board of Rexel since April 4, 2007.

François David 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 was the Chairman of Coface from since July 1994 until May 2012, Chairman of the Union of Berne (1997-1999), Chairman of the Global Economy Information and Reflection Club (CIREM) of CEPII, the French research center of international economics (1999-2002), Chairman of the International Credit Insurance & Surety Association (ICISA) (2004-2006). He is now the Honorary Chairman of the Board of directors of Coface and Senior Advisor of Moelis & Company. François David sits on the Board of Directors of Vinci and Natixis Coficiné and on the Supervisory Board of Lagardère SCA, Galatée Films and AREVA. He was an observer *(censeur)* at Rexel until 2007. François David is also a member of the *Conseil de l'Ordre de la Légion d'Honneur* (November 2009).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
April 4, 2007	From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board
– Member of the Compensation Committee of Rexel
– Member of the Strategic Committee of Rexel

Abroad

–

Over the last five financial years:

In France

– Observer *(censeur)* of Rexel Distribution

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

– Chairman of the Board of Directors of Coface (France – unlisted company)
– Member of the Board of Directors of Vinci (France – listed company)
– Member of the Supervisory Board of AREVA (France – listed company)
– Member of the Supervisory Board of Lagardère SCA (France – listed company)
– Member of the Board of Directors of Natixis Coficiné (France – unlisted company)
– Member of the Supervisory Board of Galatée Films (France – unlisted company)
– Chairman of the Centre d'études financières (France – unlisted company)
– Chairman of Or Informatique (France – unlisted company)
– Member of the *Conseil de l'Ordre National de la Légion d'honneur* (France – unlisted company)
– Member of the Board of Directors of the Coface Trade Aid Association (France – association)

Abroad

–

François David*
(71 years old)

PROFESSIONAL ADDRESS:
MOELIS, 121 AVENUE DES CHAMPS ELYSÉES – 75008 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Over the last five financial years:

In France
- Chairman of the Board of Directors of Coface Services (France – unlisted company)
- Chairman of Coface ORT (France – unlisted company)
- Chairman of La Librairie Electronique (LLE) (France – unlisted company)

Abroad
- Director of EADS (The Netherlands – listed company)
- Chairman of the Board of Directors of CofaceAssicurazioni (Italy – unlisted company)
- Chairman of the Supervisory board of Coface Kreditversicherung AG (Germany – unlisted company)

Thomas Farrell*
(55 years old)

PROFESSIONAL ADDRESS:
LAFARGE SA – 61, RUE DES BELLES FEUILLES – 75016 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, member of the Audit Committee and member of the Strategic Committee

Thomas Farrell has been with Lafarge since 1990. Prior to joining Lafarge, Thomas Farrell was a corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. After joining Lafarge, Thomas Farrell first worked at the Paris headquarters as Vice-President of Strategy for two years. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. In June 2002, Thomas Farrell was appointed EVP of Lafarge North America. In September 2007, he was appointed Lafarge Group EVP, Co-President of the Aggregates & Concrete Division, and a member of the Executive Committee. In January 2012, he became Group EVP, Operations. Thomas Farrell is a graduate of Brown University (1978) and a doctor in law (PhD) from Georgetown University (1981).

TERM OF OFFICE

FIRST APPOINTMENT:
May 16, 2012

CURRENT TITLE:
From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France
- Member of the Supervisory Board of Rexel
- Member of the Audit Committee
- Member of the Strategy Committee

Abroad
–

Over the last five financial years:

In France
- Observer *(censeur)* of the Supervisory Board of Rexel

Abroad
–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France
- Group EVP, Operations of Lafarge (France – listed company)

Abroad
–

Over the last five financial years:

In France
–

Abroad
–

* Independent members.

Fritz Fröhlich* (71 years old)	PROFESSIONAL ADDRESS: SASCHSENSTR 25 – 42287 WUPPERTAL – GERMANY	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, Chairman of the Audit Committee and member of the Appointment Committee and of the Compensation Committee

Fritz Fröhlich has served on the Supervisory Board of Rexel since April 4, 2007.

Previously, Fritz Fröhlich served as deputy Chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career in working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the Supervisory Boards of Allianz Nederland Groep N.V., ASML N.V. and Prysmian SpA, as well as Chairman of the Bupervisory Boards of Randstad Holding N.V. He holds a doctorate in Economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
April 4, 2007	From May 16, 2012 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

– Member of the Supervisory Board
– Chairman of the Audit Committee of Rexel
– Member of the Appointment Committee of Rexel
– Member of the Compensation Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

– Chairman of the Supervisory Board of Randstad Holding N.V. (The Netherlands – listed company)
– Member of the Supervisory Board of Allianz Nederland Groep N.V. (The Netherlands – unlisted company)
– Member of the Supervisory Board of ASML N.V. (The Netherlands – listed company)
– Member of the Supervisory Board of Prysmian SpA (Italy – listed company)

Over the last five financial years:

In France

–

Abroad

– Chairman of the Supervisory Board of Altana A.G. (Germany – listed company)
– Chairman of the Supervisory Board of Draka N.V. (The Netherlands – listed company)
– Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH (Germany – unlisted company)
– Member of the Supervisory Board of Kempen & Co N.V. (The Netherlands – listed company)
– Member of the Supervisory Board of Gamma Holdings N.V. (The Netherlands – listed company)

* Independent members.

Seven members of the Supervisory Board are foreign persons (Germany, United States, Switzerland).

In addition, the Supervisory Board comprises one female member and thus complies with the provisions of Law n°2011-103 of January 27, 2011 on the balanced representation of men and women within management and supervisory boards and professional equality.

The terms of office of Eurazeo, Manfred Kindle and Thomas Farrell are due to expire early, at the close of the Shareholders' Meeting, in accordance with the provisions of article 19 of the articles of association and with the unanimous resolution of the members of the Supervisory Board of February 11, 2013. Draft resolutions for the purpose of renewing their term of office are submitted to such Shareholders' Meeting.

Members of the Supervisory Board during the financial year ended on December 31, 2012

During the financial year ended on December 31, 2012, the Supervisory Board also comprised the following members:

Luis Marini-Portugal

(42 years old)

PROFESSIONAL ADDRESS:
32, AVENUE DE MONCEAU – 75008 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, of the Audit Committee and of the Compensation Committee until December 31, 2012

Luis Marini-Portugal joined Eurazeo in 1999 and served as a member of the Management Board from 2008 until the end of 2012. He was involved in a number of investments, including Foncia, B&B Hotels, Elis, Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo in 1999, Luis Marini-Portugal worked at JP Morgan in London and Paris in corporate advice and capital market transactions. Luis Marini-Portugal was Deputy Chairman of the Supervisory Board of Foncia Groupe and of the Supervisory Committee of Foncia Holding, member of the Management Board of Ray Investment and also serves as Chairman of the board of directors of Holdelis (Elis). Luis Marini-Portugal is a graduate of *Hautes Études Commerciales* (HEC) in Paris.

TERM OF OFFICE

FIRST APPOINTMENT:
February 13, 2007

CURRENT TITLE:
Luis Marini-Portugal resigned from his position effective on December 31, 2012. To replace him, Vivianne Akriche was coopted by the Supervisory Board of February 11, 2013. A draft resolution ratifying his co-option is submitted to the Shareholders' Meeting.

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

At December 31, 2012:

In France

– Member of the Supervisory Board of Rexel
– Member of the Audit Committee of Rexel
– Member of the Compensation Committee of Rexel

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

At December 31, 2012:

In France

– Director of Passerelles & Compétences (France – association)
– Director of T&F (France – association)

Abroad

–

Luis Marini-Portugal

(42 years old)

PROFESSIONAL ADDRESS:
32, AVENUE DE MONCEAU – 75008 PARIS – FRANCE

NUMBER OF REXEL SHARES HELD:
–

Over the last five financial years:

In France

– Member of the Executive Board of Eurazeo (France – listed company)
– Deputy Chairman of the Supervisory Board of Foncia Groupe and Deputy Chairman of the Supervisory Committee of Foncia Holding (France – unlisted company)
– Chairman of the Board of Directors of Holdelis (France – unlisted company)
– Manager of Investco 4i Bingen (France – unlisted *société civile*)
– Manager of Investco 5 Bingen (France – unlisted *société civile*)
– CEO of Ray France Investment (France – unlisted company)
– Chairman of the Supervisory Board of Groupe B&B Hotels (France – unlisted company)
– Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat S.A. (France – unlisted company)
– Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat Communications S.A. (France – listed company)
– Director of Legendre Holding 17 (France – unlisted company)
– Director of Arabelle (France – unlisted company)

Abroad

– Director of RES 1 SA (Luxembourg – unlisted company) and RES 2 SA (Luxembourg – unlisted company)
– Member of the Management Board of Ray Investment (Luxembourg – unlisted company)
– Director of RedBirds Participations (Luxembourg – unlisted company)
– Manager of Eurazeo Entertainment Lux Sarl (Luxembourg – unlisted company)

Françoise Gri*

(55 years old)

PROFESSIONAL ADDRESS:
25, RUE DES VAUSSOURDS – 92500 RUEIL-MALMAISON – FRANCE

NUMBER OF REXEL SHARES HELD:
–

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board, Chairman of the Compensation Committee and member ot the Appointment Committee until February 11, 2013

Françoise Gri is the President of ManpowerGroup France and Southern Europe. She spent the essential part of her carrier within the IBM group. In 1981, she joined IBM France as a sales engineer then worked in several commercial management functions. In 1996, she became the manager of the marketing and commercial e-business solutions section with IBM EMEA (Europe, Middle East, Africa) before becoming in charge, in 2000, of the management of the commercial operations of IMB EMEA. In 2001, Françoise Gri became the Chief Executive Officer of IBM France and occupied these functions until 2007 when she was appointed as President of Manpower France in March 2007. In January 2011, Françoise Gri became the president of Southern Europe for Manpower (ManpowerGroup Southern Europe) – which comprises Spain, Portugal, Italy, Greece, Turkey and Israël – while continuing to assume the functions of President of Manpower France (which became ManpowerGroup France). In 2011, for the eighth consecutive year, Françoise Gri was cited as of the world's 50 most influential business women according to the ranking published each year by the US magazine Fortune ("The Global Power 50"). She is one of the eight French business women cited in this international ranking. She was awarded the decorations of *Chevalier de la Légion d'Honneur* in February 2008. She is also *Chevalier de l'Ordre National du Mérite*. She is a member of the ethical committee and of the employment committee of the MEDEF and vice-president of GPS (Groupement des Professions de Services), which is affiliated with the MEDEF, since March 2011. Françoise Gri is also a member of the Board of Directors of Edenred (previously Accor Services) since June 2010. Françoise Gri is a graduate of *École Nationale Supérieure d'Informatique et Mathématiques Appliquées* (ENSIMAG) in Grenoble (France).

Françoise Gri* (55 years old)	PROFESSIONAL ADDRESS: 25, RUE DES VAUSSOURDS – 92500 RUEIL-MALMAISON – FRANCE	NUMBER OF REXEL SHARES HELD: –
TERM OF OFFICE		
FIRST APPOINTMENT: May 20, 2010	CURRENT TITLE: Françoise Gri resigned from her position effective on February 11, 2013. A new member of the Supervisory Board, meeting the independence criteria, shall be appointed to replace Françoise Gri.	
TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE FIVE LAST FINANCIAL YEARS		
TITLES AND DUTIES WITHIN THE REXEL GROUP: **At December 31, 2012:** *In France* – Member of the Supervisory Board of Rexel – Chairman of the Compensation Committee of Rexel – Member of the Appointment Committee of Rexel *Abroad* – **Over the last five financial years:** *In France* – *Abroad* –	TITLES AND DUTIES OUTSIDE THE REXEL GROUP: **Current:** *In France* – President of ManpowerGroup France (France – unlisted company) – Member of the Board of Directors of Edenred (France – listed company) – Member of the Board of Directors of Crédit Agricole SA (France – listed company) – Member of the Ethics Committee of MEDEF – Vice-President of the *Institut de l'Entreprise* – Counsel at the Conseil Economique, Social et Environnemental *Abroad* – Executive Vice-President of ManpowerGroup (United States – listed company) **Over the last five financial years:** *In France* – Chief Executive Officer of IBM France (France – unlisted company) – Deputy Chair of *Fondation Agir Contre l'Exclusion* – Member of the Board of Directors of *École Centrale de Paris* – Vice-President of the GPS *Abroad* – Member of the Board of Directors of STX (Norway – unlisted company)	

* Independent members.

7.1.2.2 Operation of the Supervisory Board

The Supervisory board is organized and performs the missions entrusted to it in accordance with applicable laws, the Company's articles of association and its internal regulations.

The missions of the Supervisory board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. In particular, the Supervisory Board has the following specific duties:

- it appoints and dismisses Management Board members and determines their compensation (including benefits in kind and special pension arrangements);
- it appoints and dismisses the Chairman of the Management Board;
- if permitted by the by-laws, it may grant powers to one or more Management Board members to represent Rexel;
- it co-opts Supervisory Board members;
- it authorizes agreements that are subject to article L.225-86 of the French Commercial Code;
- it creates the Supervisory Board Committees, defines their powers, appoints committee members and determines their compensation;
- it authorizes the sale of real properties and the disposal of equity investments, in whole or in part, and grants security interests;

– it allocates attendance fees;

– it approves securities, endorsements and guarantees.

In addition, pursuant to the Company's articles of association, certain decisions by the Management Board require the prior approval of the Supervisory Board (see paragraph 8.3.2.2 "Supervisory board (articles 19 to 25 of the articles of association)" of this *Document de Référence*).

Information of the Supervisory Board

The members of the Supervisory Board receive appropriate information as well as the documents required to perform their mission and to prepare the deliberations. The information and documents are sent to the members of the Supervisory Board at least three days before the date of the Supervisory Board meeting. They include the meeting agenda, draft resolutions, draft reports as well as any other document required to review the decisions set forth on the agenda.

In addition, at least once every quarter, the Management Board submits a management report on the Company's business to the Supervisory Board. The Supervisory Board also reviews and comments on the report drawn up by the Management Board.

Finally, the Management Board or the Chairman of the Management Board informs the members of the Supervisory Board of any events or transactions of significant importance for the Company and the Rexel Group.

The Supervisory Board's Rules of Procedure

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, which was last updated on May 11, 2011, for the purpose of setting forth the provisions governing the organization and operation of the Supervisory Board and the rights and responsibilities of its members. These Rules of Procedure are not enforceable *vis-à-vis* third parties and may not be invoked by such parties against members of the Supervisory Board.

The Supervisory Board's Rules of Procedure is available on the Company's website (www.rexel.com) and the main stipulations of the Rules of Procedure are reproduced or summarized below.

Members of the Supervisory Board

The Supervisory Board is made up of five to fifteen members, subject to exemption provided for by law in the case of a merger. Supervisory Board members are appointed by the ordinary shareholders' meeting for a term of 4 years (as an exception, the duties of the current members of the Supervisory Board, the term of which was determined for 5 years, shall expire at their initial expiry date).

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The terms of office of the persons so appointed will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman prior to the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

The new members of the Supervisory Board follow an integration programme designed to acquaint them with the Rexel Group and its business.

Duties and powers of the Supervisory Board

It has the following powers:

(i) Powers in the area of control:

– it reviews the financial condition, cash position and commitments of Rexel and its subsidiaries;
– it reviews the financial statements auditing process and information provided to the shareholders and to the market;
– it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

– it appoints and dismisses Management Board members (including the Chairman), determines their number within the limits provided by the by-laws and their compensation;
– it appoints and dismisses the Chairman of the Management Board, including in his capacity as member of the Management Board;
– it co-opts the members of the Supervisory Board;
– it allocates attendance fees.

(iii) Preparation of reports to be submitted to general shareholders' meetings:

Each year, the Supervisory Board submits to the ordinary annual shareholders' meeting its comments on the Management Board's report and on the financial statements for the financial year.

The Chairman of the Supervisory Board must append to this report a report on how the Supervisory Board prepares and organizes its work, and on the internal control procedures implemented by Rexel.

The Supervisory Board submits recommendations on the reappointment of Supervisory Board members.

(iv) Powers to grant prior authorization to the Management Board to make certain decisions:

The Supervisory Board grants to the Management Board the authorizations required by law or by a provision of the by-laws of Rexel.

In addition, a list of decisions made by the Management Board, which are subject to prior authorization by the Supervisory Board under the terms of Rexel's by-laws, is mentioned in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence*.

Meetings of the Supervisory Board

Insofar as possible and depending on the circumstances, any deliberation of the Supervisory Board on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman. Meetings may be held by videoconference or any other form of telecommunication. Meetings are held at the registered office or at any other place specified in the notice of meeting.

The Chairman of the Supervisory Board may invite some or all members of the Management Board to attend Supervisory Board meetings, without the right to participate in the vote.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance. Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members and only at meetings chaired by the Chairman of the Supervisory Board.

An attendance record is kept, and signed by those members of the Supervisory Board participating in each meeting.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members. The copies or extracts of these minutes are certified by the Chairman or Deputy Chairman of the Supervisory Board, a member of the Management Board or a duly empowered proxy.

Code of Conduct of the Supervisory Board

The Supervisory Board, a collegiate body, is required to act in Rexel's corporate interests under all circumstances. Therefore, the Supervisory Board members carry out their duties with loyalty, in good faith, and with professionalism and independence. Also, they ensure that any conflict of interest that might exist between their personal interests and those of Rexel is avoided.

Compensation of Supervisory Board members

The ordinary shareholders' meeting may allocate attendance fees to Supervisory Board members. The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or functions assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No other compensation, whether permanent or temporary, may be allotted to Supervisory Board members unless they are bound to Rexel by an employment agreement under the conditions allowed by applicable law and regulations.

Independent Members of the Supervisory Board

In accordance with the good corporate governance principles and practices set out in its Rules of Procedure, the Supervisory Board and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

In accordance with the AFEP and MEDEF corporate governance guidelines, an independent member may not:

– be an employee or corporate officer of Rexel or of the Rexel Group, an employee or director of a shareholder that controls Rexel alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;

– be a corporate officer of a company in which Rexel directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of Rexel (incumbent or having held such position within less than five years) holds the office of director;

– be a customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment banker (i) significant for Rexel or the Rexel Group; or (ii) for whom Rexel or the Rexel Group represents a significant portion of its business;

– have any family ties with any corporate officer of Rexel or the Rexel Group;

– have been an auditor of Rexel or of any Rexel Group company within the last five years;

– have served as a corporate officer of Rexel for more than 12 years; and

– receive or have received material additional compensation from Rexel or the Rexel Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of Rexel may be deemed to be independent if such shareholders do not control Rexel within the meaning of article L.233-3 of the French Commercial Code. However, when a member of the Supervisory Board represents a shareholder of Rexel that directly or indirectly owns more than 10% of Rexel's share capital or voting rights, the Supervisory Board, acting on a report of the Appointment Committee, shall systematically review the qualification of independence by taking into account the share ownership of Rexel and the existence of a potential conflict of interest.

The Supervisory Board may find that while one of its members fulfils the aforesaid criteria, he may not be designated as independent owing to his individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason.

Qualification procedure for independent members

The Appointment Committee reviews the designation of independent members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria. The Supervisory Board submits the findings of its review to the shareholders in the annual report.

Based on this review for the year ended December 31, 2012, four Supervisory Board members were independent: Françoise Gri, François David, Thomas Farrell and Fritz Fröhlich.

It also results from this review that two members of the Audit Committee was independent during the year ended December 31, 2012 (Fritz Fröhlich and Thomas Farrell). The Appointment Committee included two independent members during the year ended December 31, 2012 (Fritz Fröhlich and Françoise Gri). The Compensation Committee included three independent members during the year ended December 31, 2012 (François David, Françoise Gri and Fritz Fröhlich). The Strategic Committee included two independent members during the year ended December 31, 2012 (François David and Thomas Farrell). Thomas Farrell was appointed to the Audit and Strategic Committees on May 16, 2012.

Françoise Gri resigned from her positions as member of the Supervisory Board, of the Appointment Committee and of the Compensation Committee of Rexel, with effect as from February 11, 2013. As a result, the number of independent members stands at three on the Supervisory Board, one on the Appointment Committee and two on the Compensation Committee. A new Supervisory Board member meeting the independence criteria shall be appointed to replace Françoise Gri.

Supervisory Board observer (censeur)

The Supervisory Board may appoint one or more observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Supervisory Board Committees

The Supervisory Board may create committees to assist it in carrying out its functions. The Supervisory Board Rules of Procedure set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Supervisory Board Rules of Procedure set certain rules that are specific to the audit committee, appointments committee, compensation committee and strategic committee.

Assessment of organization and operation of the Supervisory Board

In accordance with its Rules of Procedure, the Supervisory Board undertakes a self-assessment of its performance on a periodic basis and at least once a year. In addition, an assessment of the Supervisory Board's performance is carried out at least once every three years, with the assistance of an external consultant.

In 2012, in accordance with the AFEP-MEDEF recommendations, the assessment of the composition, the operation and the organisation of the Supervisory Board and its Committees was entrusted to an external consultant, KPMG Advisory. In order to carry out its assessement, KPMG Advisory has conducted a document review and interviewed each member of the Supervisory Board based on a questionnaire drafted by KPMG Advisory and approved by the Chairman of the Supervisory Board.

The report of KPGM Advisory, presented to the Supervisory Board at its meeting of February 11, 2013, underlines the quality of the organization, the secretaryship and the minutes of the Supervisory Board as well as of the information communicated. It expresses the satisfaction of the members of the Supervisory Board in respect of the composition, the operation and the organization of the Supervisory Board. It also highlights the good participation of each member to the Supervisory Board debates and the quality of these debates. KPMG Advisory also summarized certain progress and improvement

axis, some of which had already been discussed by the Supervisory Board.

Thus, upon its meeting of February 11, 2013, the Supervisory Board decided to redefine the assignment perimeter of the Supervisory Board and of the Strategic Committee in respect of sales of businesses, interests in any company and asset by the Rexel Group and decided to propose to the next shareholders' meeting to amend article 23.3 of the articles of association in order to set a threshold above which the prior authorization of the Supervisory Board would be required, upon recommandations of the Strategic Committee.

Moreover, certain suggestions have been made in order to improve the work conditions of the Supervisory Board, in particular regarding (i) the composition of the Supervisory Board (increase the number of women and of members representing the international and operational scale of the Rexel Group) and (ii) the upholding of the annual meeting of the Audit Committee dedicated to the presentation of risk management policy and risk mapping, initiated in 2011, and the organization of an annual presentation of the Supervisory Board in this respect.

7.1.2.3 The work of the Supervisory Board during the 2012 financial year

During the financial year ended on December 31, 2012, the Supervisory Board met 12 times upon notice given in accordance with the articles of association and with the rules of procedure. The average attendance rate was 90%.

During the financial year ended on December 31, 2012, the Supervisory Board deliberated on, *inter alia*:

- the closing of the financial statements for the financial year ended on December 31, 2011;
- the review of the 2011 *Document de Référence*;
- the preparation of the Company's shareholders' meeting of May 16, 2012;
- the review of the quarterly and half-year financial statements, the quarterly and half-year management reports drawn up by the Management Board and related financial communication;
- the review of the work of the Supervisory Board Committees;
- the issue of the 2012 Bonds and the additional issue of 2012 Bonds;
- the authorization of the free allocation of shares to certain corporate officers and Rexel Group employees;
- the Rexel Group's budget for the 2012 financial year as well as the strategic three-year plan;
- the Energy in Motion corporate project;
- Rexel Group's development projects;
- the risk-mapping review;
- the transactions related to the employee share-ownership plan proposed to Rexel Group employees in France and abroad;
- the 2012 audit plan; and
- the review of the work of the Risks Committee.

The Board of Directors was further informed of the progress made on the main projects conducted by the Rexel Group subsidiaries.

7.1.3 Supervisory Board Committees

In order to perform its mission and facilitate its debates and decisions, the Supervisory Board has created four special committees and determined their composition and responsibilities: the Audit Committee, the Compensation Committee, the Appointment Committee and the Strategic Committee.

The committees are responsible for providing the Supervisory Board with their opinions, proposals or recommendations. Their powers are strictly advisory and they discharge their duties under the Supervisory Board's responsibility.

Each of the Supervisory Board's special committees has drawn up rules of procedure that have been approved by the Supervisory Board and set out the applicable stipulations of the Supervisory Board Rules of Procedure.

7.1.3.1 Audit Committee

Members of the Audit Committee

The Audit Committee was set up on March 1, 2007 and is made up of the following persons:

- Fritz Fröhlich (Chairman and independent member);
- David Novak;
- Vivianne Akriche (appointed on February 11, 2013 to replace Luis Marini-Portugal, resigning member);
- Akshay Singh; and
- Thomas Farrell (independent member appointed on May 16, 2012).

The members of the Audit Committee are appointed on the basis of specific skills in the financial or accounting fields, in consideration of their academic education and professional experience, in particular in connection with the preparation, audit and analysis of financial statements, accounting issues and risk follow-up and management.

The independence criteria of the members of the Supervisory Board are set out in the Supervisory Board Rules of Procedure (see section 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence*) The

criteria for independent members of the Committees, in particular of the Audit Committee, are identical. In the financial year ended December 31, 2012, four Supervisory Board members were independent: François David, Thomas Farrell, Fritz Fröhlich and Françoise Gri. Within the Audit Committee, during this financial year ended, Fritz Fröhlich and Thomas Farrell were therefore considered as independent.

Fritz Fröhlich, independent member, has specific skills in the financial or accounting fields. Furthermore, each of the other members of the Audit Committee has skills in the financial or accounting fields.

Operation of the Audit Committee

The main provisions of the Rules of Procedure of the Audit Committee are set out below. Such provisions take into account the conclusions of the working group on audit committee set up by the AMF.

Members

The Audit Committee is made up of a maximum of five members, at least two of whom must be independent. At least one of the independent members shall have an expertise in financial and accounting matters.

The Chairman of the Supervisory Board shall not be a member of the Audit Committee.

The members of the Audit Committee shall be appointed for their expertise in accounting and finance matters.

Powers

The Audit Committee monitors the elaboration and the control of the financial and accounting information. It assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of Rexel, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

- review and control of the financial and accounting information:
  - knowledge of the scope of consolidation, accounting methods and auditing procedures;
  - review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions and of material risks and off-balance sheet liabilities;
  - knowledge of accounting positions taken in recognizing material transactions;
  - submission of recommendations to the Supervisory Board on all proposed adoption of material changes in accounting methods;
  - review of the Rexel Group's financial position;
  - monitoring of the review by the auditors of the consolidated and company quarterly, half-yearly and annual financial statements;
  - review of the procedures for preparing the information provided to the shareholders and to the market and review of the press releases published by the Rexel Group in connection with financial and accounting matters;
- control of the statutory auditors' mission and independence:
  - oversight of the selection procedure applicable to the statutory auditors;
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to appoint, replace and reappoint statutory auditors to the shareholders' meeting;
  - knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Management Board;
  - ascertaining that the statutory auditors comply with the rules governing their independence;
- control of internal audit procedures and monitoring of the internal control and risk management systems efficiency:
  - submission of recommendations on the mission and organization of the Rexel Group's internal audit department and its action plan;
  - review of main findings carried out by Internal Audit within the framework of its work, followed by a report to the Supervisory Board;
  - review of the contributions of the internal audit department to the assessment of the risk management and internal control procedures;
  - review of the organization and application of internal control framework within the Rexel Group and review of the risk identification and management procedures.

Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee must report on its activities to the Supervisory Committee on a regular basis, and at least at the time at which the Management Board adopts the financial statements for the year, semester and trimester.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

The work of the Audit Committee during the financial year ended on December 31, 2012

The Audit Committee met 6 times in the course of the financial year, in particular prior to the meetings of the Supervisory Board called upon to approve the accounts drawn up by the Management Board, and reported on its work to the Supervisory Board.

The Company's Chief Finance, Control and Legal Officer, the Group's Chief Administrative and Financial Officer, the Group's Chief Internal Audit Officer and the Group Consolidation and Accounting Standards Officer and, as the case may be, the Group Chief Finance and Treasury Officer, upon invitation, attended each of these meetings, some of which were also attended by the statutory auditors.

Its work related to, in particular, (i) the financial statements for the financial year ended on December 31, 2011, the summary half-year financial statements as at June 30, 2012 and the summary quarterly financial statements as at March 31, 2012 and September 30, 2012, (ii) the proper application of the accounting principles, (iii) the tax position of the Rexel Group subsidiaries, (iv) the Rexel Group's financial indebtedness, (v) the main off-balance sheet commitments, (vi) the main financial orientations, (vii) the audit and internal control works, (viii) the Rexel Group's risk-mapping updating process, (ix) various topics related to risks and to the internal control and risk management systems, (x) the group's commitments in relation to pensions, (xi) the issue of the 2012 Bonds and the additional issue of the 2012 Bonds and (xii) the expiry of the term of office of one of the principal statutory auditors and of one of the deputy statutory auditors at the close of the 2012 General Shareholders' Meetings.

The Statutory Auditors presented their findings in connection with the audit of the annual financial statements for the financial year ended on December 31, 2011, the limited review of the summary half-year financial statements as at June 30, 2012 and of the procedures followed for the purpose of the summary quarterly financial statements as at March 30, 2012 and September 30, 2012.

The attendance rate for Audit Committee meetings was 90%.

7.1.3.2 Appointment Committee

Members of the Appointment Committee

The Appointment Committee was set up on March 1, 2007 and is made up of the following persons:

– Roberto Quarta (Chairman);
– Patrick Sayer;
– Angel L. Morales; and
– Fritz Fröhlich (independent member).

Françoise Gri, independent member of the Appointment Committee during the 2012 financial year, resigned from her positions as member of the Supervisory Board, of the Appointment Committee and of the Compensation Committee of Rexel with effect as from February 11, 2013. A new Supervisory Board member meeting the independence criteria shall be appointed to replace Françoise Gri.

Operation of the Appointment Committee

The main provisions of the rules of procedure of the Appointment Committee are set out below.

Members

The Appointment Committee is made up of a maximum of five members, at least two of whom are independent.

Powers

The Appointment Committee has the following responsibilities:

– issue recommendations on the appropriateness of appointments, dismissals of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the Chairman of the Audit, Strategic and Compensation Committees, members and the Chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board, Management Board or Executive Committee members;
– propose independence criteria for members of the Supervisory Board;
– verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman of the Supervisory Board on the number of independent members;
– be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Management Board or of the Supervisory Board;
– issue a recommendation, on the Management Board's proposal, on the acceptance and resignation by Rexel from any office as member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on the said board of directors or equivalent bodies.

Operations

The Appointment Committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Appointment Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Appointment Committee.

The Appointment Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Appointment Committee may not be represented by proxy.

The Appointment Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

The work of the Appointment Committee during the financial year ended on December 31, 2012

During 2012, the Appointment Committee met 5 times and reported on its work to the Supervisory Board.

In particular, the Appointment Committee proposed (i) to replace one member of the Executive Committee for the Asia-Pacific Executive Management function, (ii) an organisation change in relation to the evolution of the roles and responsibilities within the Company's Executive Committee and (iii) the departure of Michel Favre and Jean-Dominique Perret from Rexel's Management Board.

The attendance rate for Appointment Committee meetings was 92%.

7.1.3.3 Compensation Committee

Members of the Compensation Committee

The Compensation Committee was set up on March 1, 2007 and is made up of the following persons:

- Patrick Sayer (Chairman, appointed on February 11, 2013);
- Akshay Singh;
- Roberto Quarta;
- François David (independent member); and
- Fritz Fröhlich (independent member).

Françoise Gri, independent member of the Appointment Committee during the 2012 financial year, resigned from her positions as member of the Supervisory Board, of the Appointment Committee and of the Compensation Committee of Rexel with effect as from February 11, 2013. A new Supervisory Board member meeting the independence criteria shall be appointed to replace Françoise Gri.

Operation of the Compensation Committee

The main provisions of the rules of procedure of the Compensation Committee are set out below.

Members

The Compensation Committee is made up of a maximum of six members, at least three of whom must be independent.

The Chairman and Deputy Chairman of the Supervisory Board may serve on the Compensation Committee but may not participate in the Compensation Committee's work concerning their own compensation.

Powers

The responsibilities of the Compensation Committee are the following:

- to make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind;
- to be informed of planned compensation in the event of the breach of an employment agreement or corporate mandate of a Management Board or Executive Committee member and to render an opinion in this respect to the Chairman of the Supervisory Board;
- to render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for Rexel Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Compensation Committee.

The Compensation Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Compensation Committee may not be represented by proxy.

The Compensation Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

On an annual basis, pursuant to the exercise of its advisory functions on the setting of compensation for the members of the Management Board, the Compensation Committee may hear the members of the Management Board, notably in order to prepare the performance evaluations of the latter by the Supervisory Committee.

The work of the Compensation committee during the financial year ended on December 31, 2012

In 2012, the Compensation Committee met 7 times and reported on its work to the Supervisory Board.

The main points of focus of its work, which was reported to the Supervisory Board, included, in particular (i) making

proposals in relation to the compensation of the members of the Management Board and of the other members of the Executive Committee, (ii) making proposals in relation to the free allocation of shares to the members of the Management Board and to the Rexel Group employees, (iii) reviewing the compensation of the independent members of the Supervisory Board and (iv) the employee share-ownership plan proposed to the Rexel Group employees, in France and abroad.

The attendance rate for Compensation Committee meetings was 83%.

7.1.3.4 Strategic Committee

Members of the Strategic Committee

The Strategic Committee was set up on March 1, 2007 and is made up of the following persons:

- David Novak (Chairman);
- Patrick Sayer;
- François David (independent member);
- Angel L. Morales, and Thomas Farrell (appointed on May 16, 2012, independent member).

Operation of the Strategic Committee

The main provisions of the rules of procedure of the Strategic Committee are set out below.

Members

The Strategic Committee is made up of a maximum of five members, at least two of whom must be independent, who are appointed by the Supervisory Board.

Powers

The Strategic Committee's responsibilities are:

- review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of Rexel drawn up by the Management Board. In this respect, the Strategic Committee may interview Management Board members on the assumptions applied in drawing up the said plans;
- review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;
- review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by Rexel in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with Rexel;
- review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries;
- review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries;
- review the Rexel Group's financial position, in conjunction with the Audit Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Strategic Committee's scope.

The Strategic Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Strategic Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

The work of the Strategic Committee during the financial year ended on December 31, 2012

During 2012, the Strategic Committee met 7 times and reported on its work to the Supervisory Board.

During the year, the Strategic Committee worked on, *inter alia*, the issue of the 2012 Bonds, on the various acquisition and divestiture projects of the Rexel Group, on the three-year strategic plan, on the Energy in Motion corporate project and on the 2013 budget.

The attendance rate for Strategic Committee meetings was 91%.

7.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the members of the Management Board, CEOs of the Rexel Group's geographic areas and the Communication Management. The Committee serves as a forum for the consolidation of strategy, initiative coordination and the monitoring of performance and Rexel Group-wide projects.

As of the date of this *Document de Référence*, the Executive Committee is comprised of the following persons: Rudy Provoost (Chairman of the Management Board and Chief Executive Officer); Pascal Martin (Management Board member, Group Senior Vice-President, Corporate Strategy, Business Portfolio Management and New Business Development); Jean-Dominique Perret (Group Senior Vice-President, Human Resources, Group Delegate for International Businesses); Michel Favre (Chief Financial Officer and Group Senior Vice-President); Pascale Giet (Group Senior Vice-President Communication and Sustainable Development); Peter Hakanson (Group Senior Vice-President Operations), Patrick Bérard (Senior Vice-President Southern Europe); Jeff Hall (Senior Vice-President and CEO Canada); Henri-Paul Laschkar (Senior Vice-President Northern Europe); Mitch Williams (Senior Vice-President Asia Pacific); Christopher Hartmann (Executive Vice-President and CEO USA) and Michel Klein (Senior Vice-President Central and Eastern Europe).

Until his resignation on February 13, 2012, Jean-Charles Pauze was a member of the Executive Committee in his capacity as Chairman of the Management Board of Rexel.

The Executive Committee meets at least every two months to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group performance and ensure the implementation of cross-divisional cross-divisional projects for the Rexel Group.

7.1.5 Statements concerning the Management Board and Supervisory Board

To Rexel's knowledge:

- there are no family ties among members of the Management Board and Supervisory Board of Rexel;
- no member of the Management Board or Supervisory Board of Rexel has been convicted of fraud within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and
- no member of the Management Board or Supervisory Board of Rexel has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

7.1.6 Conflicts of interest

David Novak, Vivianne Akriche, Angel L. Morales and Akshay Singh are members of the Management Board of Ray Investment, the main shareholder of Rexel.

Patrick Sayer, Marc Frappier and Vivianne Akriche are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Roberto Quarta, Manfred Kindle and David Novak hold various offices within Clayton Dubilier & Rice, an indirect shareholder of Rexel.

On April, 4, 2007, Ray Investment and its shareholders entered into an agreement with Rexel in order to structure their relationships in the event of sales of Rexel's shares by Ray Investment or its shareholders.

To the knowledge of Rexel, Roberto Quarta, Patrick Sayer, Marc Frappier, Manfred Kindle, Vivianne Akriche, Angel L. Morales, David Novak and Akshay Singh are not in a situation of conflict of interest with respect to the performance of their corporate duties within Rexel.

As of the date of this *Document de Référence* and to Rexel's knowledge, there exists no other situation that could give rise to a conflict between the private interests of members of the Management Board or Supervisory Board and Rexel's interests.

For information regarding the appointment of members of the Supervisory Board, see paragraph 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence* as well as paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*.

7.1.7 Service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries

There are no service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries and that award any benefits.

7.2 IMPLEMENTATION OF THE AFEP MEDEF CORPORATE GOVERNANCE CODE OF LISTED COMPANIES

The corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and of the *Mouvement des Entreprises de France* (MEDEF) are the Company's point of reference with regards to corporate governance.

Rexel believes to be in compliance with the corporate governance guidelines as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such guidelines are compatible with the organization, size and means of the Rexel Group, subject to the following items:

AFEP-MEDEF RECOMMENDATIONS	PRACTICAL IMPLEMENTATION WITHIN THE REXEL GROUP AND EXPLANATIONS
Review of the financial statements by the Audit Committee (recommendation 14.2.1)	The Rexel Audit Committee that reviews the financial statements meets after the Management Board meeting during which the financial statements are closed, on the day before, or the day of, the meeting of the Supervisory Board, which controls such financial statements.
The financial statement review periods must be sufficient (at least 2 days prior to review by the Supervisory Board).	The procedures set up within Rexel however enable the Audit Committee members to review the financial statements within a reasonable period prior to the meeting of the Audit Committee and of the Supervisory Board : the documents are sent to the Audit Committee and Supervisory Board members at least three business days prior to the Committee and Board meetings.
The proportion of independent members on the Audit, Appointment and Compensation Committees (recommendations 14.1, 15.1 and 16.1)	Audit Committee: two out of five members are independent. Appointment Committee: two out of five members were independent during the 2012 financial year. Françoise Gri, independent member, resigned from her positions as Supervisory Board and Appointment Committee member on February 11, 2013. A new Supervisory Board member meeting the independence criteria will be appointed to replace Françoise Gri. Compensation Committee: three out of six members were independent during the 2012 financial year. Françoise Gri, independent member, resigned from her positions as Supervisory Board and Compensation Committee member on February 11, 2013. A new Supervisory Board member meeting the independence criteria will be appointed to replace Françoise Gri. The composition of the Committees is the result of Rexel's shareholding structure and of the provisions of the agreements entered into among the shareholders.
Share options (stock options) (recommendation 20.2.3)	The share option and subscription plans set up by Rexel prior to the publication of the October 2008 AFEP MEDEF recommendations (which are included in the AFEP-MEDEF Code of corporate governance) have not been modified to take account of such recommendations, because of the practical difficulties that such modifications would have implied.
Performance shares (recommendation 20.2.3)	
Make the allocation of performance shares to executive corporate officers subject to the purchase of a defined number of shares at the time the allocated shares become available, in accordance with terms set by the Supervisory Board and made public at the time of allocation of such shares.	The free share allocations decided on May 11, 2010, May 12, 2011, October 11, 2011 and May 2, 2012 in favor of, *inter alia*, the members of Rexel's Management Board, did not provide for an obligation for such members to purchase a given number of shares on the market at the time the free shares became available. The Supervisory Board, upon the recommendations of the Compensation Committee, considered that the obligation for the members of the Management Board to retain at least 20% of their free shares vested until the end of their duties was restrictive and high enough (it being specified that for the previous allotments of free shares, this percentage was of 10%).

AFEP-MEDEF RECOMMENDATIONS	PRACTICAL IMPLEMENTATION WITHIN THE REXEL GROUP AND EXPLANATIONS
The allocation of options and shares to executive corporate officers must provide for performance criteria.	The "Ordinary Plan" relating to the allocation of free shares to Rudy Provoost decided by the Management Board on October 11, 2011 (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) provides that the vesting of the shares is subject to a presence criteria but does not provide for any performance criteria. This exceptional allocation of free shares to Rudy Provoost, which has been approved by the Supervisory Board, upon the recommendation of the Compensation Committee, is justified by (i) the appointment at the head of the Rexel Group of Rudy Provoost who has a unique manager profile in respect of the industry and (ii) the desire of the Rexel Group to compensate, to a certain extent, certain deferred compensation items which were owed to Rudy Provoost under his previous employment which he forfeited upon joining the Rexel Group.
Ensure that the options and shares valued in accordance with IFRS standards do not represent a disproportionate percentage of the aggregate compensation, options and shares granted to each executive corporate officer.	The free share plans set up by the Management Board on October 11, 2011 (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) for Rudy Provoost account for a significant percentage of his gross compensation. The Supervisory Board of Rexel, upon the recommendations of the Compensation Committee, took into account the specific context resulting from the arrival of Rudy Provoost within the Rexel Group. In particular, the Supervisory Board was of the opinion that this allocation was justified by the importance of the transition period resulting from Jean-Charles Pauze's departure, the replacement of Jean-Charles Pauze by Rudy Provoost and the ambitious mid-term objectives of the Rexel Group.
Avoid an excessive concentration of the allotments on the corporate officers.	The Supervisory Board, upon the recommendations of the Compensation Committee, authorized, upon the arrival of Rudy Provoost within the Rexel Group, that free shares be exceptionally allocated solely to the members of the Executive Committee of Rexel (including the members of the Management Board) and two key operations managers of the Rexel Group. The vesting of these free shares is subject to a "TSR" performance criteria (Total Shareholder Return, as such term is defined in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*). The Supervisory Board of Rexel, upon the recommendations of the Compensation Committee, took into account the specific context resulting from the arrival of Rudy Provoost within the Rexel Group. In particular, the Supervisory Board was of the opinion that this allocation was justified by the importance of the transition period resulting from Jean-Charles Pauze's departure, the replacement of Jean-Charles Pauze by Rudy Provoost and the ambitious mid-term objectives of the Rexel Group.
Make allotments at the same periods of time.	The free shares allocated by the Management Board on October 11, 2011, upon the arrival of Rudy Provoost (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) were not granted at the same periods as the previous allocations. These allocations were approved by the Supervisory Board in order to take into account the exceptional context resulting from the arrival of Rudy Provoost within the Rexel Group at this time of the year.
Severance packages for Management Board members (recommendation 20.2.4)	
The performance criteria determined by the Boards must be restrictive and allow for a severance package to be paid to a corporate officer only in the event of forced dismissal and where there is a change of control or strategy.	Severance packages for the members of the Management Board are not subject to the following cumulative conditions: (i) forced dismissal (ii) change of control or strategy. The Supervisory Board, upon the recommendations of the Compensation Committee, wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*, as applicable) of the members of the Management Board would be paid in cases of termination of the corporate office or of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his/her duties within the Group (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*).
Non-application of the voluntary or compulsory retirement indemnities.	In case of voluntary or compulsory retirement, in order to protect the interests of Rexel and of the Rexel Group as a whole, the non-compete provisions may be applicable. The Supervisory Board thereby wishes to ensure the protection of the Rexel Group's interests.

AFEP-MEDEF RECOMMENDATIONS	PRACTICAL IMPLEMENTATION WITHIN THE REXEL GROUP AND EXPLANATIONS
Potential beneficiaries of the additional retirement plan (recommendation 20.2.5)	The additional defined-benefit retirement plan (article 39) is open to a number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries who are not corporate officers.
The group of beneficiaries must be significantly wider than the corporate officers alone.	The additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*).

The AFEP and MEDEF corporate governance code is available on the MEDEF's website (www.medef.com).

7.3 COMPENSATION OF CORPORATE OFFICERS

7.3.1 Compensation and benefits in kind

7.3.1.1 Members of the Management Board

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee.

In accordance with Rexel's policy on compensation, the members of the Management Board are paid a fixed annual amount which is determined according to criteria specific to each member (experience, seniority, responsibilities) and criteria based on the sector of business activity and the general economic situation. Members of the Management Board also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the members of the Management Board with the results of the business activity of Rexel and of the Rexel Group. The variable compensation is calculated on the basis of the attainment of personal goals and other criteria relative to Rexel. The personal goals are qualitative criteria determined based on the person in question, the duties carried out within Rexel or the Rexel Group and the objectives pursued by such person. Rexel- or Group-based criteria are quantitative criteria based on the results of Rexel and the aggregates that it normally uses in the context of the analysis of its financial situation.

In addition, the members of the Management Board may receive bonuses for which the amount depends on constraints relative to the exercise of their duties and the realization of objectives or outstanding work.

The members of the Management Board also are awarded benefits in kind in respect of their duties carried out within the Rexel Group.

Finally, in order to bind the members to the growth of the Rexel Group and its financial results, Rexel may grant shares, subscription options or purchase options to members of the Management Board.

COMPENSATION AND BENEFITS OF THE MEMBERS OF THE MANAGEMENT BOARD

Compensation and other benefits received by Rudy Provoost

Compensation for the financial year ending December 31, 2013

At its meeting of March 6, 2013, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Rudy Provoost for the financial year 2013:

- gross fixed compensation, amounting to €850,000 per annum;
- an annual variable target based bonus amounting to 100% of his gross annual compensation if 100% of his individual and financial set targets are reached. This variable bonus is based for 75% on financial criteria and for 25% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 75% and shall remain set at 100% for the remaining 25%;
- a housing allowance for a gross annual amount of €60,000.

Compensation for the financial year ending December 31, 2012

At its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Rudy Provoost for the financial year 2012:

- gross fixed compensation, amounting to €800,000 per annum;
- an annual variable target-based bonus amounting to 100% of his gross annual compensation if 100% of his individual and financial set targets are reached. This variable bonus is based for 75% on financial criteria and for 25% on qualitative criteria. If the achieved financial

results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 75% and shall remain set at 100% for the remaining 25%. The financial criteria for 2012 are EBITA as a percentage of sales (20%) and in volume (50%), ATWC (15%) and sales growth compared to budget (15%). Qualitative criteria were based on items relating to the activity of Rudy Provoost in his own fields of responsibility;
- a housing allowance for a gross annual amount of €60,000; and
- benefits in kind in the amount of €3,060, consisting of: a company car, and a gas card, as well as €7,548 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2013, Rudy Provoost will receive a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €516,860.

Compensation for the financial year ending December 31, 2011

During the financial year ended on December 31, 2011, Rudy Provoost received:
- gross fixed compensation, amounting to €800,000 per annum;
- a housing allowance for a gross annual amount of €60,000, paid on a *prorata temporis* basis, *i.e.*, €15,000 for the financial year ended December 31, 2011; and
- benefits in kind in the amount of €1,980 for executive director's unemployment coverage (GSC).

Moreover, since Rudy Provoost, as a result of his decision to join the Rexel Group, lost a portion of his variable compensation due by his former employer in respect of 2011, it was decided to compensate him for part of this loss. In this respect, he received an amount of €91,350 during the financial year ended on December 31, 2012.

In addition, in the course of the year ended December 31, 2012, Rudy Provoost received a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €216,670. This targeted variable annual compensation was based for 75% on financial criteria linked to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Rudy Provoost in his own fields of responsibility.

Other benefits

Rudy Provoost receives the following benefits:
- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Pascal Martin

Compensation for the financial year ending December 31, 2013

At its meeting of February 11, 2013, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2013:
- gross fixed compensation, amounting to €474,300 per annum; and
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria.

Compensation for the financial year ending December 31, 2012

At its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2012:
- gross fixed compensation, amounting to €465,000 per annum;
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2012 are EBITA as a percentage of sales (20%) and in volume (50%), ATWC (15%) and sales growth compared to budget (15%). Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility; and
- benefits in kind in the amount of €6,489, consisting of: a company car, and a gas card, as well as €17,001 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2013, Pascal Martin will receive a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €200,472.

Compensation for the financial year ending December 31, 2011

During the financial year ended on December 31, 2011, Pascal Martin received:
- gross fixed compensation, amounting to €453,000 per annum;
- a variable compensation paid in respect of the 2010 targets, amounting to €315,558; and

– benefits in kind in the amount of €6,489, consisting of: a company car, and a gas card, as well as €16,524 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2012, Pascal Martin received a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €313,739. This targeted variable annual compensation was based for 70% on financial criteria linked to the Rexel Group's results and for 30% on qualitative criteria. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Pascal Martin in his own fields of responsibility.

Lastly, at its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allocation subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Pascal Martin was effectively present as at December 31, 2012 and as such received in January 2013 an exceptional bonus in a gross amount of €226,500.

Other benefits

Pascal Martin receives the following benefits:

– a supplemental health insurance *(mutuelle)*;

– a welfare insurance *(contrat de prévoyance)*;

– a basic and supplementary pension;

– a defined benefit plan, which takes into account his seniority;

– a health check-up; and

– compensation for tax and retirement advisors' fees.

COMPENSATION AND BENEFITS OF FORMER MEMBERS OF THE MANAGEMENT BOARD

Compensation and other benefits received by Michel Favre, who ceased to serve as a member of the Management Board on October 30, 2012

Michel Favre ceased to serve on the Managemed Board on October 30, 2012. His employment contract with Rexel Développement, which had been suspended since May 20, 2009, was reinstated effective October 30, 2012. Michel Favre has been fulfilling his notice period since mid-November 2012.

Severance indemnities

On May 19, 2011, the Supervisory Board determined the items of compensation, indemnities and benefits likely to be due by reason of the termination of Michel Favre's functions as a corporate officer. These items are described in Section 7.3.2 of this *Document de Référence*.

On November 29, 2012, in relation to the indemnities to be paid to Michel Favre in connection with the termination of his functions as a member of the Management Board decided by the Supervisory Board on October 30, 2012, the Supervisory Board approved the following principles:

– in consideration for reaching the three performance criteria defined in section 7.3.2 of this *Document de Référence*, on the basis of the financial statements for the financial year ended on December 31, 2011 (such achievement to be finally established by the Supervisory Board at its meeting of February 11, 2013), to grant Michel Favre a contractual severance indemnity equal to 18 months of his reference monthly compensation; and

– not to enforce the non-competition clause set forth in Michel Favre's employment contract and described in Section 7.3.2 of this *Document de Référence*.

On February 11, 2013, the Supervisory Board finally:

– decided and established that the performance criteria attached to the indemnity due to Michel Favre in connection with the termination of his functions as a member of the Management Board decided by the Supervisory board of October 30, 2012, had been fully reached, *i.e.*:

  • a level of EBITDA, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to at least 60% of the budgeted EBITDA for such financial year;

  • an average operating WCR, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to a maximum of 125% of budgeted performance for such financial year; and

  • a level of ROCE, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to at least 75% of the budgeted performance for such financial year;

– as a result, set the amount of the contractual severance indemnity due to Michel Favre at a gross amount of €1,045,000, *i.e.* a contractual severance indemnity equal to 18 months of the reference monthly compensation, including the contractual indemnity due to him by reason of his seniority;

– approved the decision not to enforce the non-competition clause set forth in Michel Favre's employment contract, as described in Section 7.3.2 of this *Document de Référence*; and
– approved the decision to set the expiry date of Michel Favre's notice period at July 31, 2013 at the latest.

Furthermore, in addition to the contractual indemnity described above, the Supervisory Board, on February 11, 2013, also acknowledged the payment to Michel Favre of an overall, fixed and final settlement indemnity in a gross amount of €382,670.

Compensation for the financial year ending December 31, 2012

At its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year 2012:

– gross fixed compensation, amounting to €465,000 per annum;
– an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets; and
– benefits in kind in the amount of €5,523 paid by Rexel and €1,306 paid by Rexel Développement, consisting of: a company car, and a gas card, as well as €14,168 for executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2012, Michel Favre received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €152,330.

Finally, Michel Favre will be eligible under the profit-sharing plan applicable in Rexel Développement on a *prorata temporis* basis in respect of the 2013 financial year.

Compensation for the financial year ending December 31, 2011

During the financial year ended on December 31, 2011, Michel Favre received:

– gross fixed compensation, amounting to €453,000 per annum;
– a variable compensation paid in respect of the 2010 targets, amounting to €318,225; and
– benefits in kind in the amount of €6,327, consisting of: a company car, and a gas card, as well as €16,524 in connection with joining an executive director's unemployment coverage (GSC).

In addition, in the course of the year ended December 31, 2012, Michel Favre received a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €311,169. This targeted variable annual compensation was based for 60% on financial criteria linked to the Rexel Group's results and for 40% on qualitative criteria. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Michel Favre in his own fields of responsibility.

Lastly, at its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allocation subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Michel Favre was effectively present as at December 31, 2012, and as such received an exceptional bonus in a gross amount of €232,500 in January 2013.

Other benefits

In connection with his employment contract, Michel Favre also has the following benefits:

– supplemental health insurance *(mutuelle)*;
– welfare insurance *(contrat de prévoyance)*;
– a basic and supplementary pension;
– a supplementary defined contribution retirement scheme;
– a defined benefit plan, which takes into account his seniority;
– a health check-up; and
– professional fees of a tax and retirement advisor.

Compensation and other benefits received by Jean-Dominique Perret, who ceased to serve as a member of the Management Board on November 29, 2012

Compensation for the financial year ending December 31, 2013

Having reached the age of 65, Jean-Dominique Perret resigned from his functions as member of the Management Board effective November 29, 2012.

Compensation for the financial year ending December 31, 2012

At its meeting of February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee,

determined the following compensation items for Jean-Dominique Perret for the 2012 financial year:

– In his capacity as member of the Management Board of Rexel:
  - fixed compensation in a gross amount of €186,680 per annum;
  - an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets. This variable annual compensation is based for 65% on financial criteria linked to the Rexel Group's results and for 35% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2012 are EBITA as a percentage of sales (20%) and in volume (50%), ATWC (15%) and sales growth compared to budget (15%). Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

– In his salaried capacity as Group Delegate for International Affairs:
  - fixed compensation in a gross amount of €113,320 per annum;
  - an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. If the achieved financial results exceed 100% of the set financial targets, the variable bonus may reach up to 150% of 65% and shall remain set at 100% for the remaining 35%. The financial criteria for 2012 are EBITDA as a percentage of sales (20%) and in volume (50%), ATWC (15%) and sales growth compared to budget (15%). Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and
  - benefits in kind in the amount of €7,680, consisting of: a company car and a gas card.

In addition, in the course of the year ended December 31, 2013, Jean-Dominique Perret will receive a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €124,788.

Finally, Jean-Dominique Perret will be eligible under the profit-sharing plan applicable in Rexel Développement on a *prorata temporis* basis in respect of the 2013 financial.

Compensation for the financial year ending December 31, 2011

In the course of the financial year ended on December 31, 2011, Jean-Dominique Perret received:

– In his capacity as member of the Management Board of Rexel:
  - gross fixed compensation amounting to €179,213 per annum; and
  - a variable compensation paid in respect of the 2010 targets, amounting to €114,325; and

– in his salaried capacity as Group Delegate for International Affairs:
  - gross fixed compensation amounting to €108,787 per annum; and
  - a variable compensation paid in respect of the 2010 targets, amounting to €69,398; and
  - benefits in kind in the amount of €7,678, consisting of: a company car and a gas card.

In the course of the year ended December 31, 2012, Jean-Dominique Perret received a variable compensation in respect of the year ended December 31, 2011 for a gross amount of €183,571. This targeted variable annual compensation was based for 65% on financial criteria linked to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

Lastly, under the profit-sharing plan, Jean-Dominique Perret received a gross amount of €3,800 in respect of the financial year ended December 31, 2011.

Lastly, at its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allocation subject to a performance condition on the other hand, as described in paragraph 8.1.2.6 of this *Document de Référence*.

Jean-Dominique Perret was effectively present as at December 31, 2012, and as such received an exceptional bonus in a gross amount of €144,000 in January 2013.

Other benefits

In connection with his employment contract, Jean-Dominique Perret receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a supplementary defined contribution retirement scheme;
- a defined benefit plan, which takes into account his seniority, as of January 1, 2009; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Jean-Charles Pauze

Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012, whereupon his employment contract with Rexel Développement, which had been suspended since March 1, 2007, was reinstated. In his new functions, Jean-Charles Pauze was responsible for certain missions in connection with external growth and for consolidating the client/supplier relationship. His employment contract terminated on December 31, 2012.

Compensation for the financial year ending December 31, 2012

Upon its meetings of April 28, 2011 and February 8, 2012, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze in his capacity as corporate officer from January 1, 2012 until his term of office expiry date, *i.e.* February 13, 2012:

- gross annual fixed compensation, amounting to €819,400;
- an annual variable target-based portion which may reach 120% of the gross annual fixed compensation if 100% of the set targets are met;
- a hardship allowance for travel in France and abroad in a gross annual amount of €170,000; paid on a *prorata temporis* basis; and
- benefits in kind in the amount of €1,231 paid by Rexel and €6,155 paid by Rexel Développement, consisting of a company car and a gas card.

In the course of the year ended December 31, 2013, Jean-Charles Pauze will receive a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €819,400.

Compensation for the financial year ending December 31, 2011

During the financial year ended December 31, 2011, Jean-Charles Pauze received:

- gross fixed compensation amounting to €819,400;
- a variable compensation paid in respect of the 2010 targets, amounting to €944,280;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000; and
- benefits in kind in the amount of €7,385, consisting of a company car and a gas card.

In the financial year ending December 31, 2012, Jean-Charles Pauze received a variable compensation for the financial year ended December 31, 2011 in the gross amount of €975,220.

The target variable annual compensation was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2011 were EBITDA as a percentage of sales and in volume, ATWC and sales growth compared to budget. Qualitative criteria were based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility.

Attendance fees

Jean-Charles Pauze was paid attendance fees in his capacities as corporate officer of Rexel Senate, an English subsidiary of Rexel, and of Rexel Holdings USA Corp., a U.S. subsidiary of Rexel:

- in an amount of €90,000, paid in 2012, for the financial year ended December 31, 2011; and
- in an amount of €90,000, paid in 2011, for the financial year ended December 31, 2010.

Jean-Charles Pauze no longer benefits from attendance fees for the financial year ended December 31, 2012.

Other benefits

Jean-Charles Pauze received in 2012 the following benefits in connection with his employment contract:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a supplementary defined contribution pension scheme;
- a defined benefit plan, which takes into account his length of service;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

7

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, 2012 and December 31, 2011 is set forth in the tables below.

Table 1 – Summary of the compensation, options and shares allotted to each executive corporate officer

The table below sets forth a summary of all items of compensation owed by the Rexel Group companies to the members of the Management Board with respect to the financial years ended on December 31, 2012 and December 31, 2011:

	FINANCIAL YEAR ENDED ON DECEMBER 31,	
	2012	2011
Rudy Provoost		
Compensation due for the financial year [1]	€1,387,468	€433,650
Valuation of options allotted for the financial year [2]	–	–
Valuation of free shares granted for the financial year [3]	€1,314,108	€6,450,525
Total	**€2,701,576**	**€6,884,175**
Pascal Martin		
Compensation due for the financial year [1]	€688,962	€789,752
Valuation of options allotted for the financial year [2]	–	–
Valuation of free shares granted for the financial year [3]	€666,343	€1,335,554
Total	**€1,355,305**	**€2,125,306**
Michel Favre [4]		
Compensation due for the financial year [1]	€638,327	€787,020
Valuation of options allotted for the financial year [2]	–	–
Valuation of free shares granted for the financial year [3]	€594,066	€1,261,009
Total	**€1,232,393**	**€2,048,029**
Jean-Dominique Perret [5]		
Compensation due for the financial year [1]	€432,468	€479,249
Valuation of options allotted for the financial year [2]	–	–
Valuation of free shares granted for the financial year [3]	€594,066	€1,024,872
Total	**€1,026,534**	**€1,504,121**
Jean-Charles Pauze [6]		
Compensation due for the financial year [1]	€1,665,749	€2,062,005
Valuation of options allotted for the financial year [2]	–	–
Valuation of free shares granted for the financial year [3]	–	€1,355,351
Total	**€1,665,749**	**€3,417,356**

(1) See paragraph 7.3.1.1 “Members of the Management Board” of this *Document de Référence*.
(2) On the grant date, see paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.
(3) On the grant date, see paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.
(4) Michel Favre has ceased to serve as a member of the Management Board since October 30, 2012.
(5) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.
(6) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012 and his employment contract with Rexel Développement ended December 31, 2012.

Table 2 – Summary table of the compensation of each executive corporate officer

The following table sets forth the compensation of the members of the Management Board for the financial years ended December 31, 2012 and December 31, 2011:

	FINANCIAL YEAR ENDED ON DECEMBER 31,			
	2012		2011	
	DUE	PAID	DUE	PAID
Rudy Provoost				
Fixed compensation	€800,000	€800,000	€200,000	€200,000
Variable compensation	€516,860 (3)	€216,670 (2)	€216,670 (2)	–
Housing allowance	€60,000	€60,000	€15,000	€15,000
Attendance fees	–	–	–	–
Benefits in kind	€10,608	€10,608	€1,980	€1,980
Total	**€1,387,468**	**€1,087,278**	**€433,650**	**€216,980**
Pascal Martin				
Fixed compensation	€465,000	€465,000	€453,000	€453,000
Variable compensation	€200,472 (3)	€313,739 (2)	€313,739 (2)	€315,558 (1)
Attendance fees	–	–	–	–
Benefits in kind	€23,490	€23,490	€23,013	€23,013
Total	**€688,962**	**€802,229**	**€789,752**	**€791,571**
Michel Favre (7)				
Fixed compensation	€465,000	€465,000	€453,000	€453,000
Variable compensation	€152,330 (3)	€311,169 (2)	€311,169 (2)	€318,225 (1)
Attendance fees	–	–	–	–
Benefits in kind	€20,997	€20,997	€22,851	€22,851
Total	**€638,327**	**€797,166**	**€787,020**	**€794,076**
Jean-Dominique Perret (8)				
Fixed compensation	€300,000	€300,000	€288,000	€288,000
Variable compensation	€124,788 (3)	€183,571 (2)	€183,571 (2)	€183,723 (1)
Attendance fees	–	–	–	–
Benefits in kind	€7,680	€7,680	€7,678	€7,678
Total	**€432,468**	**€491,251**	**€479,249**	**€479,401**
Jean-Charles Pauze (6)				
Fixed compensation	€819,400	€819,400	€819,400	€819,400
Variable compensation	€819,400 (3)	€975,220 (2)	€975,220 (2)	€944,280 (1)
Hardship allowance	€19,563	€19,563	€170,000	€170,000
Attendance fees	–	–	€90,000 (5)	€90,000 (4)
Benefits in kind	€7,386	€7,386	€7,385	€7,385
Total	**€1,665,749**	**€1,821,569**	**€2,062,005**	**€2,031,065**

(1) Variable compensation due for the financial year ended December 31, 2010 and paid during the financial year ended December 31, 2011.
(2) Variable compensation due for the financial year ended December 31, 2011 and paid during the financial year ended December 31, 2012.
(3) Variable compensation due for the financial year ended December 31, 2012 and paid during the financial year ending December 31, 2013.
(4) Attendance fees due for the financial year ended December 31, 2010 and paid during the financial year ended December 31, 2011.
(5) Attendance fees due for the financial year ended December 31, 2011 and paid during the financial year ended December 31, 2012.
(6) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012 and his employment contract with Rexel Développement ended on December 31, 2012.
(7) Michel Favre has ceased to serve as a member of the Management Board since October 30, 2012.
(8) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.

Table 3 – Table on attendance fees and other compensation received by the non-executive corporate managers

See paragraph 7.3.1.2 "Members of the Supervisory Board" of this *Document de Référence*.

Table 4 – Share subscription or purchase options allotted by Rexel and other Rexel Group companies to each executive corporate officer during the financial year

The summary tables in relation to share purchase or subscription plans and to the options allotted are set forth in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Table 5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year

The summary tables in relation to options exercised are set forth in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Table 6 – Performance shares allotted to each executive corporate officer

The summary tables in relation to free share allotment plans and free share allotments are set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Table 7– Newly available performance shares during the financial year for each executive corporate officer

The summary tables in relation to vested shares are set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Table 8 – Historical information on the subscription or purchase option allotments

The share subscription or purchase option plans are described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Table 9 – Subscription or purchase options granted to the top ten employees other than corporate officer beneficiaries, and details of options exercised

The share subscription or purchase options granted to and exercised by the top ten employees other than corporate officer beneficiaries are described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

Table 10 –Summary table of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses is set forth in the table below:

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC PENSION PLAN	SEVERANCE INDEMNITIES	NON-COMPETE CLAUSE
Rudy Provoost Chairman of the Management Board From October 1, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014	No	No (upon its meeting of March 6, 2013, the Supervisory Board, upon recommandation of the Compensation Committee, decided to abolish the advantage consisting in the benefit of a supplementary defined – benefit pension plan (article 39) granted to Rudy Provoost)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Pascal Martin Member of the Management Board From May 19, 2011 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC PENSION PLAN	SEVERANCE INDEMNITIES	NON-COMPETE CLAUSE
Michel Favre Member of the Management Board From May 19, 2011 until October 30, 2012	Yes Initial employment contract suspended since May 20, 2009 and reinstated as October 30, 2012	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Jean-Dominique Perret Member of the Management Board From May 19, 2011 until November 29, 2012	Yes	Yes, since January 1, 2009 (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month

7.3.1.2 Members of the Supervisory Board

The Company's shareholders' meeting may grant attendance fees to the members of the Supervisory Board.

The Board of Directors:

– distributes the attendance fees among its members, as it deems fit;

– sets the compensation of the Chairman and of the Vice-Chairman of the Supervisory Board; such compensation may be both fixed and proportional;

– may grant exceptional compensation for missions or tasks assigned to the members of the Supervisory Board; and

– may authorize the reimbursement of travel costs and of expenses incurred by its members in the interest of the Company.

On May 16, 2012, Rexel's shareholders' meeting granted the Supervisory Board an aggregate amount of €500,000 in attendance fees. This amount had previously been set at €300,000.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of February 8, 2012 decided, within the scope of the allocated global amount, to allocate compensation to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the amount of €30,000 and (ii) a variable portion of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each position as Chairman of the Appointment, Compensation and Strategic Committees of the Supervisory Board that is occupied by an independent member of the Supervisory Board and a gross compensation of €20,000 is allocated for the position of Chairman of the Audit Committee of the Supervisory Board that is occupied by an independent member of the Supervisory Board.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 11, 2013 decided that the variable portion for 2012 would amount to €26,700 for Françoise Gri (who resigned from her functions as member of the Supervisory Board and as Committee member on February 11, 2013), €26,100 for Fritz Fröhlich, €22,200 for François David and €30,000 for Thomas Farrell.

Thus, Françoise Gri (who resigned from her functions as member of the Supervisory Board and as Committee member on February 11, 2013), Fritz Fröhlich, François David and Joe Adorjan (who resigned from his functions as member of the Supervisory Board and as committee member on February 8, 2011) and Thomas Farrell received the following compensation in respect of the financial years ended December 31, 2012 and 2011:

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2012		2011	
MEMBER	COMPENSATION	TOTAL	COMPENSATION	TOTAL
Françoise Gri		€66,700		€70,000
As committee Chairman	€10,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€26,700		€30,000	
Fritz Fröhlich		€76,100		€70,000
As committee Chairman	€20,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€26,100		€30,000	
François David		€52,200		€50,100
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€22,200		€20,100	
Joe Adorjan		–		€7,500
As independent member				
Fixed portion	–		€5,000	
Variable portion	–		€2,500	
Thomas Farrell		€60,000	–	–
As observer before May 16, 2012 and independent member after May 16, 2012				
Fixed portion	€30,000			
Variable portion	€30,000			
Total		**€255,000**		**€197,600**

Rexel has paid no other compensation to the members of the Supervisory Board for the years ended December 31, 2012 and December 31, 2011.

7.3.2 Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers

Members of the Management Board

In the event of termination of his corporate office, Rudy Provoost shall benefit from a severance indemnity, subject to certain performance criteria decided upon by the Supervisory Board meeting of October 6, 2011 and which were approved by the Shareholders' Meeting of May 16, 2012.

Moreover, the employment agreements of Michel Favre, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, for payment undertakings in the event of a termination, subject to performance criteria decided upon by the Supervisory Board meeting of May 19, 2011 and which were approved by the Shareholders' Meeting of May 16, 2012.

Severance indemnity of Rudy Provoost

Rudy Provoost does not have an employment contract with any of the Rexel Group companies.

In the event that his corporate functions are terminated, Rudy Provoost shall, in accordance with the decision of the Supervisory Board of October 6, 2011, benefit from a gross contractual severance payment equal to 24 months of a monthly reference compensation. Monthly reference compensation is understood as the amount of the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

This gross severance indemnity is deemed to include the compensating indemnity for honoring the non-compete clause, if any. It shall not apply in the event of termination for gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or retirement leave or compulsory retirement leave.

In addition, regardless of the cause of departure from Rexel, a non-competition clause is stipulated. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the corporate mandate. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Pascal Martin

Pascal Martin's employment contract with Rexel Développement was suspended on January 1, 2008.

In the event that his corporate duties within Rexel should end, Pascal Martin's employment agreement with Rexel Développement would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Former members of the Management Board

Severance payments for Michel Favre

Michel Favre's employment contract with Rexel Développement, which was suspended on May 20, 2009, was reinstated on October 30, 2012 subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Jean-Dominique Perret

Having reached the age of 65, Jean-Dominique Perret resigned from its corporate office on November 29, 2012. He is acting as salaried Group Senior Vice-President, Human Resources and Group Delegate for International Businesses.

His employment contract with Rexel Développement provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer and as employee of the company.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Performance conditions to which the severance indemnities are subject

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, Rudy Provoost's severance indemnities (other than the competition clause compensatory indemnity) and the contractual indemnities for termination of the employment contracts of Michel Favre, Pascal Martin and Jean-Domnique Perret are subject to the following performance criteria:

- the payment of 50% of the indemnity would be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment would be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a maximum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the indemnity would be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment would be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period.

If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level could be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

7.3.3 Other benefits

During the financial period ended December 31, 2012, Rexel did not grant any loans, advances or guarantees to any of its corporate officers.

7.3.4 Pension, retirement or similar benefits

A supplementary defined-benefit pension plan is in force within Rexel Développement and Rexel, as of July 1, 2009.

Further to the law on pensions system reform enacted on November 10, 2010 and after approval of Rexel's Compensation Committee, the supplementary defined-benefit pension plan in force within Rexel Développement and Rexel since July 1, 2009 and the former supplementary defined benefit retirement scheme closed on June 30, 2009 were submitted to a number of amendments effective as of January 1, 2011, in particular:

- possible settlement of the additional pension only as of the minimum settlement age of the general pension system (compared to a fixed age of 60 previously);
- possibility for beneficiaries having reached the minimum settlement age of the general pension system, but not having reached the full rate under the general pension system, of settling their additional pension at a reduced rate, with the application of a penalty for missing quarters;
- setting-up of a minimum length of service of 4 years with Rexel at the time of settlement of the additional pension in order to benefit from this pension system.

Are eligible for this supplementary pension scheme, officers with the status of employee and/or corporate officer whose status and activity are defined in article L.3111-2 of the French Labor Code and whom Global Grade is 20 or above under the Global Grading system defined for Rexel by Hewitt.

At January 1, 2013, seven managing directors including two corporate officers met these eligibility criteria: Jean-Charles Pauze, Rudy Provoost, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar. Upon its meeting of March 6, 2013, the Supervisory Board, upon recommandation of the Compensation Committee, decided to abolish the advantage consisting in the benefit of a supplementary defined – benefit pension plan (article 39) granted to Rudy Provoost.

The additional pension under this plan is equal to product of the reference compensation, the years of seniority and a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation.

The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

- Salary and/or compensation as a corporate officer,
- Exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account at up to 80% of the fixed base salary.

The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind.

The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling.

A certain number of limits have been put in place on the amount of the benefit:

- the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation;
- the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation;
- the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation.

The total provision booked by Rexel for all employees covered by this additional defined-benefit retirement plan corresponded to a commitment of €16.2 million as of December 31, 2012 reduced by the value of a hedge asset established with an insurance company. As of December 31, 2012, the value of this hedge asset was estimated at €7.7 million.

7

On the date of this *Document de Référence*, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF RECOMMENDATIONS	AS OF JANUARY 1, 2012
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As of January 1, 2013, the total number of eligible persons was seven, including four corporate officers.

7.4 MARKET ETHICS CHARTER

On April 4, 2007, Rexel adopted a market ethics charter, which has been updated on February 8, 2012, the objective of which is to specify the applicable regulations in respect of share transactions by permanent and/or occasional insiders and interested persons, including in particular corporate officers and employees of the Rexel Group who have constant or occasional access to inside information as well as outsiders to the Rexel Group who can, in the context of their role or position, have access to inside information in relation to Rexel or the Rexel Group.

The market ethics charter provides for the creation of the position of a market ethics manager within the Rexel Group. The market ethics manager oversees compliance with the market ethics charter, in particular by informing those persons concerned of the periods during which they must abstain from transactions involving Rexel's shares, informing the Management Board and the Supervisory Board of any finding of violations of the applicable regulations within the Rexel Group, or by establishing and updating a list, to be provided upon request to the AMF, of persons considered to be insiders, and informing such persons of their inclusion in such list.

The market ethics charter mentions the applicable obligations with respect to the holding, disclosure and use of inside information as well as the applicable sanctions in the event of a violation of such obligations. The market ethics charter thus specifies the confidentiality and abstention obligations or the obligation to hold shares in registered form that applies to permanent or occasional insiders and interested persons. The market ethics charter also lays out the definition of inside information as well as the applicable rules in the case of, for example, an offence and breach by an insider, or a market manipulation. It also provides for periods of abstention linked, in particular, to the publication of Rexel's financial accounts.

7.5 RELATED PARTY TRANSACTIONS

7.5.1 Principal related party transactions

The material agreements that were entered into between Rexel and related parties, or the members of the Management Board of Rexel, the members of the Supervisory Board of Rexel, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of articles L.225-86 *et seq.* of the French Commercial Code, during the financial year ended December 31, 2012 are:

Agreements referred to in article L.225-86 of the French Commercial Code, entered into by Rexel during the financial year ended December 31, 2012 and that have received prior approval of the Supervisory Board of Rexel:

- Two re-invoicing agreements entered into on March 14 and March 15, 2012 between Rexel and Rexel Développement SAS and Rexel France. These agreements have been entered into in connection with the implementation of the 2011 share buy back programme, which has been authorized by the Shareholders' Meeting of May 19, 2011. These agreements aim at re-invoicing Rexel Développement SAS and Rexel France for the costs incurred by Rexel in connection with the repurchase of shares to be delivered as existing shares to the employees of these two entities who benefit from the free shares plans that have implemented by the Management Board on May 11, 2010, May 12, 2011 and October 11, 2011. These agreements were authorized by the Supervisory Board during its February 8, 2012 meeting;
- A Purchase Agreement entered into on March 21, 2012, between Rexel, on the one hand, and Barclays Capital Inc., Merrill Lynch, Pierce, Fenner and Smith Incorporated, RBS Securities Inc., BNP Paribas Securities Corp. and Crédit Agricole Corporate and Investment Bank (the **"Banks III"**), on the other hand. Rexel Développement SAS, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium NV, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this agreement through accession letters dated March 28, 2012. This agreement was concluded in the context of an issuanceby Rexel of bonds in aggregate principal amount of USD400 million represented by unsecured senior notes bearing interest at a rate of 6.125%, maturing on December 15, 2019 (the **"2012 Bond Issuance"**). The agreement provides for the terms under which Rexel undertook to issue the bonds, and the Banks III undertook to underwrite the said bonds. This agreement was authorized by the Supervisory Board during its March 14, 2012 meeting;
- An Indenture Agreement, entered into on March 28, 2012 between Rexel, Rexel Développement SAS, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium NV, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America Inc. and The Bank of New York Mellon. This agreement was concluded in the context of the 2012 Bond Issuance carried out by Rexel. It provides for the terms under which The Bank of New York Mellon undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its March 14, 2012 meeting;
- A new Purchase Agreement entered into on April 16, 2012, between Rexel, on the one hand, and the Banks, on the other hand. Rexel Développement SAS, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium NV, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America Inc. acceded to this agreement through accession letters dated April 23, 2012. Rexel wished to carry out an additional bond issuance for an amount of USD100 million in the context of the 2012 Bond Issuance, thus increasing the amount of the 2012 Bond Issuance to USD500 million. The new Purchase Agreement provides for the terms under which Rexel undertook to issue the additional bonds, and the Banks III undertook to underwrite the said bonds. This agreement was authorized by the Supervisory Board during its April 12, 2012 meeting;
- Two re-invoicing agreements entered into on November 23 and November 27, 2012 between Rexel and Rexel Développement SAS and Rexel France. These agreements have been entered into in connection with the implementation of the 2012 share buy back programme, which has been authorized by the Shareholders' Meeting of May 16, 2012. These agreements aim at re-invoicing Rexel Développement SAS and Rexel France for the costs incurred by Rexel in connection with the repurchase of shares to be delivered as existing shares to the employees of these two entities who benefit from the free shares plans that have implemented by the Management Board on May 12, 2011, October 11, 2011, May 2, 2012 and July 26, 2012.

These agreements were authorized by the Supervisory Board during its October 30, 2012 meeting.

Agreement referred to in article L.225-90 of the French Commercial Code, entered into by Rexel during the financial year ended December 31, 2012 and that has not received prior approval of the Supervisory Board of Rexel

– An agreement entitled “Amendment to the Secondary Offering Cooperation Agreement” dated July 2, 2012 and amending the Secondary Offering Cooperation Agreement entered into on April 4, 2007, aiming at precising the modalities of cooperation between the relevant parties in the event of a sale of shares carried out pursuant to an accelerated book-building process to the extent the proceeds of such a transaction would total €75 million or more.

Agreements referred to in article L.225-90-1 of the French Commercial Code, entered into by Rexel during the financial year ended December 31, 2011 and continued during the financial year ended December 31, 2012:

– The undertakings granted to Mr. Michel Favre, member of the Management Board of Rexel until October 30, 2012, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of May 19, 2011;

– The undertakings granted to Mr. Pascal Martin, member of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of May 19, 2011;

– The undertakings granted to Mr. Jean-Dominique Perret, member of the Management Board of Rexel until November 29, 2012, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of May 19, 2011;

– The undertakings granted to Mr. Rudy Provoost, Chairman of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his functions and for the performance conditions. This agreement was authorized by the Supervisory Board meeting of May 19, 2011.

Agreements referred to in article L.225-86 of the French Commercial Code, entered into by Rexel during the previous financial years continued during the financial year ended December 31, 2012:

– A senior credit agreement of an amount of €1.7 billion entered into on December 17, 2009 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, in their capacity as Lenders, on the other hand, as well as Calyon, in its capacity as Facilities Agent. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this senior credit agreement in the capacity of guarantors through accession letters dated December 21, 2009. This agreement was authorized by the Supervisory Board during its December 2 and December 10, 2009 meetings;

– A Purchase Agreement entered into on December 11, 2009, between Rexel, on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale et Bayerische Landesbank (the **“Banks I”**), on the other hand. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this agreement through accession letters dated December 21, 2009. This agreement was entered into in connection with a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, maturing on December 15, 2016 (the **“2009 Bond Issuance”**). It provides for the terms under which Rexel undertook to issue, and the Banks I undertook to underwrite these bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings;

– An Agency Agreement, entered into on December 21, 2009, between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. RG, Rexel Belgium, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selgo, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was entered into in the context of the 2009 Bond Issuance. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar

and of Paying Agent in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board upon its December 2 and December 10, 2009 meetings;

- A Trust Deed, entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP Paribas Trust Corporation UK Limited. This agreement was entered into in the context of the 2009 Bond Issuance. It provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings;
- A Purchase Agreement entered into on January 8, 2010, between Rexel, on the one hand, and CALYON, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank, on the other hand. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this agreement through accession letters dated January 20, 2010. On December 21, 2009, Rexel carried out the 2009 Bond Issuance, referred to above. Rexel wished to carry out an additional bond issuance for an amount of €75 million (the **“2010 Complementary Bond Issuance”**), thus increasing the amount of the 2009 Bond Issuance to €650 million. The agreement provides for the terms under which Rexel undertook to issue, and the Banks I undertook to underwrite the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting;
- An Amended and Restated Agency Agreement, entered into on January 20, 2010 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. On December 21, 2009, Rexel carried out the 2009 Bond Issuance. An Agency Agreement entered into on December 21, 2009, provided for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the said bond issuance. Rexel wished to carry out the 2010 Complementary Bond Issuance. The Amended and Restated Agency Agreement amends and supersedes the Agency Agreement. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the bond issuance. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting;
- A First Supplemental Trust Deed, entered into on January 20, 2010 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP the 2009 Bond Issuance. A Trust Deed entered into on December 21, 2009, provided for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the said bond issuance. Rexel wished to carry out the 2010 Complementary Bond Issuance. The First Supplemental Trust Deed provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting;
- An amendment to the defined benefit retirement plan effective within Rexel as from July 1, 2009, signed April 29, 2011. This amendment aims at harmonizing such plan with the legal modifications regarding the minimum age and the required age for the payment at full rate of the retirement rights of the base regime of the French Social Security. This amendment was authorized by the Supervisory Board during its February 8, 2011 meeting;
- A Purchase Agreement entered into on May 24, 2011, between Rexel, on the one hand, and BNP Paribas, HSBC and Société Générale (the **“Banks II”**), on the other hand. Rexel Développement, Rexel Distribution, Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated May 27, 2011. This agreement

was concluded in the context of the carrying out by Rexel of a bond issuance for an amount of €500 million represented by unsecured senior notes bearing interest at a rate of 7%, maturing on December 17, 2018 (the **"2011 Bond Issuance"**). The agreement provides for the terms under which Rexel undertook to issue the bonds, and the Banks II undertook to place the issued bonds, and in the event of a lack of subscribers, to underwrite the non placed bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting;

- A Trust Deed, entered into on May 27, 2011 between Rexel, Rexel Développement, Rexel Distribution, Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Finelec Développement SA, Compagnie de Distribution de Matériel Electrique B.V. and BNP Paribas Trust Corporation UK Limited. This agreement was concluded in the context of the 2011 Bond Issuance carried out by Rexel. It provides for the terms under which BNP Paribas Trust Corporation UK Limited undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting;
- An Agency Agreement, entered into on May 27, 2011 between Rexel, Rexel Développement, Rexel Distribution, Rexel France SAS, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was concluded in the context of the 2011 Bond Issuance carried out by Rexel, referred to above. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Principal Paying Agent in the scope of the issuance of the bonds. This agreement was authorized by the Supervisory Board during its May 11, 2011 meeting;
- An amendment to the Senior Credit Agreement in force as of December 17, 2009 and entered into on April 21, 2011 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, on the other hand, Crédit Agricole Corporate and Investment Bank and Rexel Développement, Rexel Distribution, Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc, on the third part. This amendment aims to permit the use of the product of a bond issuance as voluntary anticipated reimbursement of the sums due under the Senior Credit Agreement, without proceeding to the concomitant cancellation of the Lenders' Commitments under the Senior Credit Agreement up to the sums reimbursed thereof. This amendment has been authorized by the Supervisory Board during its April 8, 2011 meeting;
- The complementary retirement undertakings taken by Rexel to the benefit of Rudy Provoost under the supplementary defined benefit retirement plan effective as from July 1, 2009, it being specified that the terms and conditions of the supplementary defined benefit retirement plan (article 39) installed by the Company have already been authorized by the Supervisory Board of the Company. These undertakings have been authorized by the Supervisory Board during its October 6, 2011 meeting;
- An amendment to the defined benefit retirement plan effective as from July 1, 2009. This amendment aims at harmonizing such plan with certain provisions of the social security regulation. This amendment was authorized by the Supervisory Board during its March 16, 2010 meeting;
- A bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender for an amount of €40,000,000. Rexel's indirect subsidiary, Rexel Distribution, acts in the capacity of guarantor for the amount lent in order to guarantee the obligations of Rexel under the facility agreement. This is a term loan. This agreement was authorized by the Supervisory Board during its July 27, 2010 meeting;
- The compensation agreements of certain subsidiaries of Rexel under the guarantees granted in connection with the senior credit agreement of an amount of €1.7 billion, entered into on December 17, 2009 referred to above and of the 2009 Bond Issuance and the 2010 Complementary Bond Issuance. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement SAS, Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist

AB Selga, International Electrical Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America Inc.) (the **"Guarantors"**), Rexel compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee. These agreements were authorized by the Supervisory Board during its November 9, 2010 meeting;

- The Cooperation Agreement entered into on April 4, 2007. This agreement was authorized by the Supervisory Board during its April 4, 2007 meeting;
- A defined-benefit pension plan agreement to become effective on July 1, 2009, authorized by the Supervisory Board during its March 30, 2009 meeting.

Ordinary agreements entered into by Rexel under ordinary terms:

- Two long-term facility agreements between Rexel Holdings USA Corp. and Rexel entered into on March 1, 2010;
- A long-term facility agreement between Elektro Material AG and Rexel entered into on March 1, 2010;
- A long-term facility agreement between Elektroskandia Norway Holding AG and Rexel entered into on March 1, 2010;
- A long-term facility agreement between Hagemeyer Finance BV branch in Finland and Rexel entered into on March 1, 2010;
- A long-term facility agreement between Rexel Développement SAS and Rexel entered into on November 29, 2010 and terminated in 2012;
- A long-term facility agreement between Svenska Selga Elgrossit AB Selga and Rexel entered into on March 1, 2010;
- A long-term facility agreement between Redeal and Rexel entered into on March 1, 2010;
- Two facility agreements between Rexel Développement SAS and Rexel entered into on March 1, 2010;
- Renewal of the tax integration option pursuant to which Rexel has become solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 223 ter ZC of the French general tax Code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by Rexel and the subsidiaries held directly or indirectly at least at 95% of the share capital and having agreed thereto, pursuant to articles 223 A *et seq.* of the French general tax code;
- A Current Account Agreement entered into between Rexel Développement SAS, cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010;
- An amendment to the Current Account Agreement entered into between Rexel Distribution (merged into Rexel Développement SAS), cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010, providing for the option for Rexel Développement SAS to offset debts against receivables due by group companies having entered into similar current account agreements with Rexel Développement SAS;
- A current Account Agreement entered into between Rexel Développement SAS, cash pooling entity of the Rexel Group, and Rexel, dated January 3, 2012;
- A tax integration agreement entered into on May 9 and May 24, 2012 between Rexel and each of the companies included in the tax integration perimeter of the Rexel Group since January 1, 2005 under the conditions and forms required under article 223 A *et seq.* of the French general tax code;
- A long-term facility agreement between Rexel Holdings USA Corp. and Rexel entered into on June 25, 2012 (the **"Loan"**);
- An amendment to the Loan entered into between Rexel Holdings USA Corp. and Rexel, providing for an additional loan dated November 23, 2012;
- A services agreement between Rexel Développement SAS and Rexel entered into on July 27, 2012.

7.5.2 Special reports of the Statutory Auditors in relation to related party agreements

7.5.2.1 Special report of the Statutory Auditors in relation to the related party agreements for 2012

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux comptes
Membre de la compagnie régionale de Versailles

Ernst & Young Audit
1/2, place des Saisons
92400 Courbevoie – Paris La Défense 1
S.A.S. à capital variable

Commissaire aux comptes
Membre de la compagnie régionale de Versailles

To the Shareholders,

Rexel
189 – 193, bd Malesherbes
75017 Paris

Statutory auditors' special report on related party agreements and commitments
(Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2012)

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-58 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-58 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

In accordance with article L.225-88 of the French Commercial Code *(Code de commerce)*, we were informed of the following agreements and commitments which received prior authorization from your Supervisory Board.

1. 2012 Bond Issuance

Related parties

Rudy Provoost, in his capacity as Chairman of the Management Board of your Company (in turn Chairman of Rexel Développement), Chairman and director of Rexel North America Inc., Chairman and director of Rexel Holdings USA Corp., and director of Rexel France.

Michel Favre, in his capacity as member of the Management Board of your Company and director of Rexel France, Rexel Sverige A.B., Elektroskandia Norge A.S.

Nature and purpose

On March 14, 2012, your Supervisory Board authorized a bond issuance of a minimum nominal amount of USD 300 million and a maximum amount of USD 500 million, represented by unsecured senior high-yield notes in the United States which bear interest annually at a maximum rate of 7.5% and have a maturity of between seven and nine years.

On April 12, 2012, your Supervisory Board authorized an additional issuance of high-yield notes in the United States for a maximum amount of USD 100 million. These new bonds are similar to the bonds described above.

In the context of the 2012 Bond Issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) Purchase Agreement

A Purchase Agreement was entered into on March 21, 2012 between your Company, on the one hand, and the Guarantors and the Banks, on the other hand. This agreement was entered into within the framework of a bond issuance in the amount of USD 400 million, represented by unsecured senior notes which bear interest annually at 6.125% and are redeemable on December 15, 2019.

The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue these bonds and the Banks have undertaken to purchase them.

b) Indenture

An Indenture was entered into on March 28, 2012 between Rexel, the Guarantors and the Bank of New York Mellon. The Indenture provides the terms and conditions under which the Bank of New York Mellon has undertaken to act as Trustee within the framework of the bond issuances.

The Indenture includes all the terms and conditions governing the bonds and customary clauses for this type of agreement, inter alia a set of representations and guarantees granted by the Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors in favor of the Bank of New York Mellon and a termination clause that allows the Bank of New York Mellon to terminate the Indenture in the case of certain material events.

c) New Purchase Agreement

A new Purchase Agreement was entered into on April 16, 2012 between your Company, on the one hand, and the Guarantors and the Banks, on the other hand. This Purchase Agreement was entered into within the framework of an additional bond issuance of USD 100 million, increasing the 2012 Bond Issuance to USD 500 million. The new Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue these additional bonds and the Banks have undertaken to purchase them. The newly issued bonds rank pari passu to and are fungible with the existing bonds.

The Purchase Agreements have been signed by the following banks: Barclays Capital Inc., Merrill Lynch, Pierce, Fenner and Smith Incorporated, RBS Securities Inc., BNP Paribas Securities Corp. and Crédit Agricole Corporate and Investment Bank.

The Purchase Agreements include customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by the Company and the Guarantors, the terms of completion of the bond issuance, an indemnification undertaking by your Company and each of the Guarantors in favor of the Banks and a termination clause that allows the Banks to terminate the transaction in the case of material events.

The Purchase Agreements and the Indenture have been signed by the following Guarantors: Rexel Développement SAS, Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium N.V., Elektro-Material A.G., Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. which became parties to these agreements through deeds of accession dated March 28, 2012 and April 23, 2012.

Conditions

As at December 31, 2012, the debt recorded in your Company's balance sheet with respect to the 2012 Bond Issuance amounted to €379.0 million.

In 2012, the financial expense recorded in your Company's income statement with respect to these agreements amounted to €17.6 million.

2. Rebilling agreements related to the 2011 share repurchase plan

Related parties

Rudy Provoost, in his capacity as Chairman of the Management Board of your Company (in turn Chairman of Rexel Développement) and director of Rexel France.

Michel Favre, in his capacity as member of the Management Board of your Company and director of Rexel France.

Nature and purpose

On February 8, 2012, your Supervisory Board authorized two rebilling agreements entered into on March 14 and March 15, 2012 between your Company and the companies Rexel Développement S.A.S. and Rexel France, respectively. These agreements were entered into within the framework of the implementation of the 2011 share repurchase plan authorized by the Shareholders' Meeting on May 19, 2011. The purpose of these agreements is to charge to Rexel Développement S.A.S. and Rexel France the cost of repurchasing the shares acquired by your Company for the purpose of delivering existing shares to the employees of these two companies designated as beneficiaries of the free share plans set up by the Management Board on May 11, 2010, May 12, 2011 and October 11, 2011.

Conditions

In 2012, recharged amounts recognized with respect to the free share plan under set up on May 11, 2010 amounted to €2.7 million for Rexel Développment S.A.S. and €1.3 million for Rexel France.

No amounts were recharged in 2012 with respect to the free share plans set up on May 12 and October 11, 2011.

3. Rebilling agreements related to the 2012 share repurchase plan

Related parties

Rudy Provoost, in his capacity as Chairman of the Management Board of your Company (in turn Chairman of Rexel Développement) and director of Rexel France.

Michel Favre, in his capacity as member of the Management Board of your Company and director of Rexel France.

Nature and purpose

On October 30, 2012, your Supervisory Board authorized two rebilling agreements entered into on November 23 and November 27, 2012 between your Company and the companies Rexel Développement S.A.S. and Rexel France, respectively. These agreements were entered into within the framework of the implementation of the 2012 share repurchase plan authorized by the Shareholders' Meeting on May 16, 2012. The purpose of these agreements is to charge to Rexel Développement S.A.S. and Rexel France the cost of repurchasing the shares acquired by your Company for the purpose of delivering existing shares to the employees of these two companies designed as beneficiaries of the free share plans set up by the Management Board on May 12, 2011, October 11, 2011, May 2, 2012 and July 26, 2012.

Conditions

This agreement had no impact on the financial statements of your Company for the financial year ended December 31, 2012.

Agreements and commitments with no prior authorization

In accordance with article L.225-90 of the French Commercial Code *(Code de commerce)*, we inform you that the following agreement did not receive prior authorization from your Supervisory Board.

Amendment to the Secondary Offering Cooperation Agreement

Related parties

Your Company, Ray Investment SARL, as a shareholder holding more than 10% of the voting rights, and the shareholders of Ray Investment SARL.

Nature and purpose

An amendment to the Secondary Offering Cooperation Agreement of April 4, 2007 was entered into on July 2, 2012. This amendment sets out the conditions for cooperation between the parties in the event shares are sold through accelerated bookbuilding, insofar as the transaction generates income of at least €75 million.

This amendment was entered into under time constraints that prevented the Supervisory Board from authorizing it in advance in accordance with the provisions of articles L.225-86 *et seq.* of the French Commercial Code *(Code de commerce)*.

Conditions

This agreement had no impact on the financial statements of your Company for the financial year ended December 31, 2012.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years

a) Which remained in force during the year

In accordance with Article R.225-57 of the French Commercial Code *(Code de commerce)*, we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. 2009 Senior Credit Agreement

Nature and purpose

On December 2, 2009 and December 10, 2009, your Supervisory Board authorized a new Senior Credit Agreement entered into by your Company on December 17, 2009 for a principal amount of €1,700 million between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium S.A., Natixis, The Royal Bank of Scotland plc, and Société Générale Corporate and Investment Banking, in their capacity as "Lenders", on the other hand, as well as Calyon, in its capacity as "Facilities Agent".

The agreement provides that Rexel's subsidiaries (Rexel Développement S.A.S., Rexel Distribution [merged into Rexel Développement on July 26, 2011]), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. [renamed Rexel Nederland B.V.], Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. [renamed Rexel Holdings USA Corp.], Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.) will guarantee

the obligations of the Company in their capacity as Guarantors.

Conditions

As at December 31, 2012, Facility A, in a maximum amount of €600 million, has expired and is no longer available. The entire amount of Facility B, in a maximum amount of €1,100 million and reduced to €1,074.1 million in 2010, remains unused.

In 2012, the financial expense recorded in your Company's income statement with respect to these agreements amounted to €1.8 million.

2. Bilateral facility agreement

Nature and purpose

On July 27, 2010, the Supervisory Board authorized the signing of a loan agreement for an amount of €40 million with Bayerische Landesbank as lender, your Company as borrower and Rexel Distribution (merged into Rexel Développement on July 26, 2011) as guarantor. The indirect subsidiary of your Company, Rexel Distribution (merged into Rexel Développement on July 26, 2011), acts in the capacity of guarantor for the amount lent in order to guarantee the obligations of Rexel under the facility agreement. This is a term loan for which the maturity date is December 17, 2014.

Conditions

As at December 31, 2012, the debt recorded in your Company's balance sheet with respect to this bilateral facility agreement amounted to €25.9 million. The loan bears interest at the EURIBOR rate, increased by a margin which depends on debt ratio.

In 2012, the financial expense recorded in your Company's income statement with respect to this agreement amounted to €0.9 million.

3. 2009 Bond Issuance (Purchase Agreement, Indenture, Service Agreement) and the 2010 Additional Bond Issuance

3.1 – 2009 Bond Issuance

Nature and purpose

On December 2, 2009 and December 10, 2009, your Supervisory Board authorized the 2009 Bond Issuance, in a nominal amount of €575 million, represented by unsecured senior high-yield notes which bear interest annually at 8.25% and are redeemable on December 15, 2016.

In the context of the 2009 Bond Issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) Purchase Agreement

The Purchase Agreement was entered into on December 11, 2009, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the bonds and the Banks have undertaken to underwrite the bonds, and in the event of a lack of sufficient subscribers, to subscribe to the bonds not underwritten.

The Purchase Agreement has been signed by the following banks: Calyon, the Royal Bank of Scotland plc, Merill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank.

The Purchase Agreement includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by your Company and the Guarantors, the terms of completion of the bond issuance, the payment of the Banks' fees for their services, an indemnification undertaking by your Company and each of the Guarantors in favor of the Banks and a termination clause that allows the Banks to terminate the transaction in the case of material events.

b) Indenture

The Indenture was entered into on December 21, 2009 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the bonds.

The Indenture includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by your Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors in favor of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Indenture in the case of certain events.

c) Service Agreement

The Service Agreement was entered into on December 21, 2009 between your Company, the Guarantors and CACEIS Bank Luxembourg. It provides the terms and conditions under which CACEIS Bank Luxembourg will act as Registrar and Paying Agent in the name and on behalf of your Company and of the Guarantors in connection with the bond issuance. Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the issuance of the bonds and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, for making the various payments due by your Company and/or the Guarantors with respect to the bonds (including the payment of interest, redemption or early redemption).

The Service Agreement includes customary clauses for this type of agreement, *inter alia* the description of services

to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking by your Company and the Guarantors in favor of CACEIS Bank Luxembourg and the terms of termination of the Service Agreement.

The Purchase Agreement, the Indenture and the Service Agreement have been signed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement on July 26, 2011), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holdings USA Corp.), Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique BV and Finelec Développement S.A. are also parties to the Indenture.

3.2 – 2010 Additional Bond Issuance

Nature and purpose

On January 8, 2010, the Supervisory Board authorized an additional bond issuance in a nominal amount of €75 million, represented by unsecured senior high-yield notes which bear interest annually at 8.25% and are redeemable on December 15, 2016.

In the context of the Additional Bond Issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) 2010 Purchase Agreement

The Purchase Agreement was entered into on January 8, 2010, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the new bonds, and the Banks have undertaken to underwrite the new bonds, and in the event of a lack of sufficient subscribers, to subscribe to the new bonds not underwritten.

The Purchase Agreement has been signed by the following banks: Calyon, the Royal Bank of Scotland plc, Merill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank.

The Purchase Agreement includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by your Company and the Guarantors, the terms of completion of the issuance of the new bonds, the payment of the Banks' fees for their services, an indemnification undertaking by your Company and each of the Guarantors in favor of the Banks and a termination clause that allows the Banks to terminate the transaction in the case of material events.

b) Amended and Restated Service Agreement

The Amended and Restated Service Agreement was entered into on January 20, 2010 between your Company, the Guarantors, CACEIS Bank Luxembourg and BNP Trust Corporation UK. It provides the terms and conditions under which the new bonds will be issued and admitted to trading on the Euro MTF market, and it extends the terms of the Service Agreement (payments by the Company and/or the Guarantors with respect to the Bonds, including the payment of interest, redemption or early redemption, etc.) to these new bonds.

The Amended and Restated Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking by your Company and the Guarantors in favor of CACEIS Bank Luxembourg and the terms of termination of the Service Agreement.

c) Supplemental Indenture

The Supplemental Indenture was entered into on January 20, 2010 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. The Supplemental Indenture aims at extending the application of the terms of the Indenture entered into on December 21, 2009 to the new bonds.

In particular, it includes provisions which extend the payment commitment granted by each Guarantor to the new bonds with respect to the bonds. Under the payment commitment, the Guarantors guarantee, jointly and severally, without subordination, all of your Company's payment commitments related to the bonds and the Indenture (including the Supplemental Indenture).

The payment commitment includes customary clauses for this type of commitment, including those related to the Guarantors' right of recourse against your Company and among themselves. It also includes restrictions for your Company and the Guarantors on some operations (mergers, spin-offs, transfers of assets).

The Purchase Agreement, the Supplemental Indenture and the Amended and Restated Service Agreement have been signed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement on July 26, 2011), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holdings USA Corp.), Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Supplemental Indenture.

Conditions

As at December 31, 2012, the debt recorded in your Company's balance sheet with respect to the 2009 Bond Issuance and the 2010 Additional Bond Issuance amounted to €586.3 million following the early redemption of the bonds for €63.8 million in 2012.

In 2012, the financial expense recorded in your Company's income statement with respect to these agreements amounted to €50.5 million. In addition, the early redemption resulted in a loss of €5.9 million.

4. 2011 Bond Issuance (Purchase Agreement, Indenture, Service Agreement)

Nature and purpose

On May 11, 2011, the Supervisory Board authorized a bond issuance of €500 million , represented by unsecured senior high-yield notes of your Company which bear interest annually at 7% and are redeemable on December 17, 2018. In the context of the bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) Purchase Agreement

The Purchase Agreement was entered into on May 24, 2011, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the bonds and the Banks have undertaken to underwrite the bonds, and in the event of a lack of sufficient subscribers, to subscribe to the bonds not underwritten.

The Purchase Agreement has been signed by the following banks: BNP Paribas, HSBC and Société Générale.

The Purchase Agreement includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by the Company and the Guarantors, the terms of completion of the bond issuance, the payment of the Banks' fees for their services, an indemnification undertaking by your Company and each of the Guarantors in favor of the Banks and a termination clause that allows the Banks to terminate the transaction in the case of material events.

b) Indenture

The Indenture was entered into on May 27, 2011 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the bonds.

The Indenture includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by the Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors in favor of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Indenture in the case of certain events.

c) Service Agreement

The Service Agreement was entered into on May 27, 2011 between your Company, the Guarantors, BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. It provides the terms and conditions under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and Principal Paying Agent in the name and on behalf of your Company and of the Guarantors in the scope of the bond issuance.

Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the issuance of the bonds and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, for making the various payments due by your Company and/or the Guarantors with respect to the bonds (including the payment of interest, redemption or early redemption).

The Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking by your Company and the Guarantors in favor of CACEIS Bank Luxembourg and the terms of termination of the Service Agreement.

The Purchase Agreement, the Indenture and the Service Agreement have been signed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution (merged into Rexel Développement on July 26, 2011), Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (formerly Hagemeyer Nederland BV), Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Indenture.

Conditions

As at December 31, 2012, the debt recorded in your Company's balance sheet with respect to the bond issuance amounted to €488.8 million.

In 2012, the financial expense recorded in your Company's income statement with respect to this agreement amounted to €34.4 million.

5. Compensation agreements between Rexel and certain subsidiaries

Nature and purpose

On November 9, 2010, your Supervisory Board authorized the signing of compensation agreements between Rexel and certain subsidiaries with respect to the guarantees granted in connection with the Senior Credit Agreement in an amount of €1.7 billion, entered into on December 17, 2009, the bond issuance of €575 million and the Additional Bond Issuance of €75 million.

Under these compensation agreements entered into between your Company and its guarantor subsidiaries (Rexel Développement S.A.S., Rexel Distribution [merged into Rexel Développement on July 26, 2011], Rexel France, Hagemeyer Deutschland GmbH & Co. K.G., Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge A.S., Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. [renamed Rexel Holdings USA Corp.], Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.) (the "Guarantors"), your Company compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee.

Conditions

In 2012, the financial expense recorded in your Company's income statement in respect of this agreement amounted to €14 million.

6. Commitments in favor of the members of your Company's Management Board in the event of termination of their duties

Nature and purpose

On May 19, 2011 and October 6, 2011, your Supervisory Board authorized the financial terms and conditions that would apply in the event of a termination of the duties of the members of the Management Board and the performance targets in relation to deferred items of compensation, in accordance with article L.225-90-1 of the French Commercial Code *(Code de commerce)* and pursuant to the "TEPA" law dated August 21, 2007.

1. Severance packages would be determined as follows:

   a) In the event that his corporate functions are terminated, Rudy Provoost would benefit from a contractual indemnity equal to 24 months of his monthly reference compensation. The monthly reference compensation is defined as the fixed gross annual compensation, plus the gross average of the last two bonus payments received, with the exception of any exceptional bonuses, divided by 12 months. This indemnity is not applicable in the case of retirement leave or compulsory retirement leave.
   In addition, regardless of the cause of departure from Rexel, a non-compete clause is stipulated. This non-compete undertaking is limited to a period of 12 months from the date of the termination of the corporate function. As consideration, the monthly non-compete payment is equal to one twelfth of his gross fixed annual compensation. This compensatory non-compete is included, when appropriate, in the contractual indemnity described above.

   b) In the event of a termination in an employment agreement at the request of the employer following the end of their duties as a corporate officer, and except in the case of serious misconduct *(faute grave)* or willful misconduct *(faute lourde)*, Pascal Martin, Jean-Dominique Perret and Michel Favre would benefit from a contractual indemnity equal to 18 months of their monthly reference compensation in their capacities as corporate officers and as employees of the Company. The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received, with the exception of any exceptional bonuses, divided by 12 months.
   This gross indemnity includes the statutory severance indemnity (indemnité de licenciement légale) or the severance indemnity pursuant to the collective bargaining agreement (indemnité conventionnelle de licenciement) due, as well as, where applicable, the compensatory non-compete indemnity. It shall not apply in the event of a retirement leave or compulsory retirement leave. In such cases, only the severance indemnity pursuant to the collective bargaining agreement will be due and, where applicable, the compensatory non-compete indemnity.
   This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.
   The notice period for breach of contract is eight months. The compensation in lieu of notice is equal to eight months of the last compensation paid, for the duties as corporate officer or employee of the Company, whichever is higher.

2. The severance packages which would be paid to Rudy Provoost, Pascal Martin, Jean-Dominique Perret and Michel Favre, excluding the compensatory non-compete indemnity, would be subject to the following performance criteria:

   a) the payment of 50% of the severance package shall depend on the level of EBITDA (operating income before other income and expenses, plus depreciation

and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

b) the payment of 35% of the severance package shall depend on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (reference period), reaches a maximum of 125% of the performance budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation;

c) the payment of 15% of the severance package shall depend on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's audited consolidated financial statements for the financial period preceding the date of termination of the corporate functions or employment contract (reference period), reaches a minimum of 75% of the performance budgeted for this period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure coherence of the objective with the difficulty of its implementation.

Conditions

• Severance payments for Michel Favre

As from October 30, 2012, Michel Favre is no longer a member of the Management Board and his employment contract with Rexel Développement, which was suspended on May 20, 2009, has re-entered into effect. In mid-November 2012, Michel Favre submitted his notice.

On February 11, 2013, the Supervisory Board definitively:

– noted the attainment of 100% of the performance criteria relating to Michel Favre's indemnity with respect to the end of his term of office as a member of the Management Board as decided by the Supervisory Board on October 30, 2012. This indemnity will be paid in 2013;

– set, as a result, the contractual termination indemnity to be paid to Michel Favre at a gross amount of €1,045,000, representing 18 months of monthly reference compensation and including the severance indemnity due to him based on his seniority pursuant to the collective bargaining agreement;

– consented to the non-application of the non-compete clause contained in Michel Favre's employment contract; and

– consented to the ending of Michel Favre's notice period on July 31, 2013, at the latest.

• Jean-Dominique Perret

Having reached the age of 65, Jean-Dominique Perret resigned from his functions as member of the Management Board effective November 29, 2012.

• Other corporate officers

This agreement had no impact on the financial statements of your Company for the financial year ended December 31, 2012.

7. Secondary Offering Cooperation Agreement

Nature and purpose

On April 4, 2007, your Supervisory Board authorized your Company to enter into an agreement to regulate the relations between the parties in the event of any sale by Ray Investment S.A.R.L. or its shareholders of the shares of your Company for a consideration of at least €100 million.

Conditions

An amendment to this agreement was entered into, presented in the section "Agreements and commitments with no prior authorization".

b) Which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. Amendment to the 2009 Senior Credit Agreement

Nature and purpose

On April 8, 2011, your Supervisory Board authorized your Company to sign an amendment to the Senior Credit Agreement effective as from December 17, 2009 and entered into on April 21, 2011. This amendment aims to permit the use of the proceeds from the bond issuance for the early redemption of the sums due under the Senior Credit Agreement, without canceling the Lenders' Commitments under the Senior Credit Agreement.

Conditions

This agreement had no impact on the financial statements of your Company for the financial year ended December 31, 2012.

2. Supplementary defined-benefit pension plan

Nature and purpose

On March 30, 2009, your Supervisory Board authorized your Company to contract a supplementary defined-benefit pension plan with effect from July 1, 2009 for the members of the Management Board.

Conditions

This agreement had no impact for the financial year ended December 31, 2012.

3. Amendment to defined-benefit pension plan

Nature and purpose

On March 16, 2010, your Supervisory Board authorized your Company to sign an amendment to the defined-benefit pension plan. This amendment aims at harmonizing the plan with certain provisions of the social security regulations.

Conditions

This agreement had no impact for the financial year ended December 31, 2012.

4. Amendment to supplementary defined-benefit pension plan

Nature and purpose

On February 8, 2011, your Supervisory Board authorized your Company to sign an amendment to the supplementary defined-benefit pension plan effective within Rexel since July 1, 2009, which was signed on April 29, 2011. This amendment aims at harmonizing the plan with the legal modifications regarding the minimum age and the required age for the payment at full rate of retirement benefits under the basic French social security system.

Conditions

This agreement had no impact for the financial year ended December 31, 2012.

5. Supplementary defined-benefit pension plan in favor of Rudy Provoost

Nature and purpose

On October 6, 2011, the Supervisory Board authorized your Company to make supplementary defined-benefit pension commitments in favor of Rudy Provoost under the supplementary defined-benefit pension plan effective as from July 1, 2009.

Conditions

This agreement had no impact for the financial year ended December 31, 2012.

Neuilly-sur-Seine and Paris La Défense, March 11, 2013

The statutory auditors'

French original signed by

PricewaterhouseCoopers Audit	Ernst & Young Audit
Christian Perrier	Pierre Bourgeois

7.5.2.2 Special reports of the statutory auditors in relation to the related party agreements for 2011 and 2010

The special reports of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2011 and December 31, 2010 are set out in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164 and in the *Document de Référence* filed with the Autorité des marchés financiers on April 11, 2011 under number D.11-0272, as supplemented by the update to the *Document de Référence* filed with the *Autorité des marchés financiers* on April 28, 2011 under number D.11-0272-A01, respectively.

8 ADDITIONAL INFORMATION

8.1 SHAREHOLDERS 250

8.1.1 Principal shareholders 250
8.1.2 Share capital and voting rights 251
8.1.3 Shareholders' voting rights 266
8.1.4 Control structure 266
8.1.5 Agreements potentially leading to a change of control 266
8.1.6 Dividend policy 268

8.2 SHARE CAPITAL 269

8.2.1 Subscribed share capital and authorized but unissued share capital 269
8.2.2 Securities not representative of share capital 273
8.2.3 Treasury shares and purchase by Rexel of its own shares 273
8.2.4 Other securities conferring access to the share capital 275
8.2.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up 275
8.2.6 Share capital of Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option 275
8.2.7 Changes in share capital 276
8.2.8 Pledges, guarantees and security interests 279

8.3 BY-LAWS (STATUTS) 279

8.3.1 Corporate purpose (article 3 of the by-laws) 279
8.3.2 Management and supervisory bodies (articles 14 to 25 of the by-laws) 280
8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws) 284
8.3.4 Changes to shareholders' rights 284
8.3.5 Shareholders' meetings (articles 27 to 35 of the by-laws) 285
8.3.6 Provisions likely to have an impact on the control of Rexel 286
8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws) 286
8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws) 287

8.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER 288

8.4.1 Control mechanisms in relation to employee shareholding 288
8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control 288

8.5 MATERIAL AGREEMENTS 289

8.6 DOCUMENTS AVAILABLE TO THE PUBLIC 289

8.6.1 Legal documents 289
8.6.2 2012 annual financial report 289
8.6.3 The annual document 290

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE* 291

8.7.1 Person responsible for the *Document de Référence* 291
8.7.2 Responsibility statement 291
8.7.3 Person responsible for financial communication 292
8.7.4 Indicative financial information timetable 292

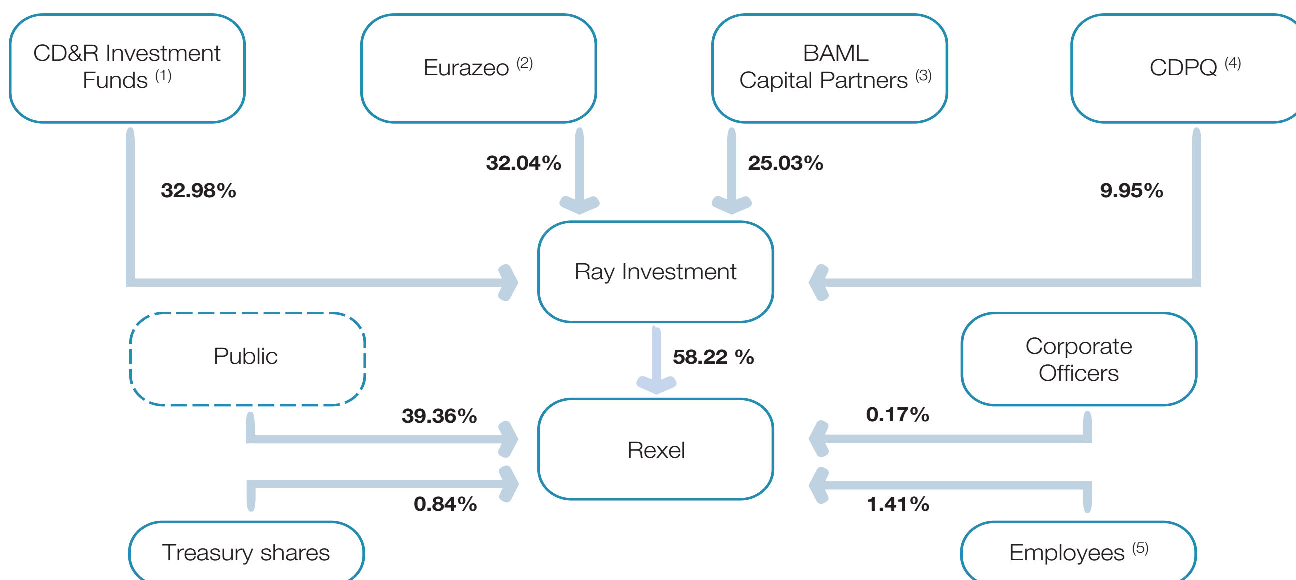
8.8 STATUTORY AUDITORS 292

8.8.1 Principal Statutory Auditors 292
8.8.2 Deputy Statutory Auditors 293
8.8.3 Fees paid to Statutory Auditors 293

8.1 SHAREHOLDERS

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2012:



(1) *CD&R Investment Funds:* Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII Limited Partnership, private equity funds managed by CD&R, indirectly own approximately 19.68% and 4.92%, respectively, of Ray Investment S.àr.l. In addition, a co-investment vehicle controlled by a subsidiary of CD&R indirectly owns approximately 8.38% of Ray Investment.
(2) *Eurazeo:* Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo, owns approximately 32.04% of Ray Investment.
(3) *BAML Capital Partners:* the private equity funds and other entities managed by BAML Capital Partners and associated entities own approximately 19.51% of Ray Investment S.àr.l. In addition, a co-investment vehicle managed by BAML Capital Partners and associated entities indirectly owns approximately 5.52% of Ray Investment.
(4) *CDPQ:* Caisse de Dépôt et Placement du Québec owns 9.95% of Ray Investment.
(5) *Employees:* the employees include the managers and the other employees as well as the Rexel FCPEs.

Clayton, Dubilier & Rice, Inc. (“CD&R”)

CD&R is a private equity firm that invests in global businesses, primarily divisions of large multi-national corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has invested approximately USD12 billion in 43 European and American companies. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

Eurazeo S.A. (“Eurazeo”)

Eurazeo is one of the foremost listed investment companies in Europe, with close to €4 billion of diversified assets. It is present in most of the capital investment chain: medium and large investments, small to medium-sized companies with Eurazeo PME and fast-growing companies with Eurazeo Croissance. Its purposes is to identify, accelerate and valuate the transforming capacity of companies in which it invests. Eurazeo has significant resources, a solid institutional and family shareholder base, no indebtedness and a long-term investment horizon enabling it to accompany companies over the duration of their projects. It is in particular the majority or reference shareholder of

Accor, ANF Immobilier, APCOA, Edenred, Elis, Europcar, Foncia, Fonroche Energie, Moncler, Rexel, 3S Photonics, Léon de Bruxelles and Dessange International.

Eurazeo's is actively involved with the company managers and its involvement is based on a shared vision for the future of the companies. Its numerous successes rely on its trademark commitment, respect and pragmatism.

BAML Capital Partners ("BAMLCP")

BAML Capital Partners is a private equity and mezzanine capital investment group within the Global Principal Investments group of Bank of America Merrill Lynch.

North Cove Partners ("NCP") is an investment advisor to Bank of America Merrill Lynch. NCP was established in June 2011 following its spin-off from Bank of America Merrill Lynch.

Ray Investment S.à r.l. ("Ray Investment")

Ray Investment is a *société à responsabilité limitée* established under Luxembourg law, with registered offices at 10, avenue de la Liberté, L-1930 Luxembourg, registered with the Luxembourg companies' registry under number B 104.766. Its share capital is €30,544,617, divided into 30,544,617 shares with a par value of €1 each. Ray Investment is owned by CD&R, Eurazeo and BAMLCP as well as Caisse de Dépôt et Placement du Québec.

8.1.2 Share capital and voting rights

8.1.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2012, 2011 and 2010:

	DECEMBER 31,											
	2012				2011				2010			
SHAREHOLDERS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS
Ray Investment	158,324,738	158,324,738	58.22	58.22	190,268,736	190,268,736	70.78	70.78	185,575,336	185,575,336	71.32	71.32
Corporate officers [1]	463,254	463,254	0.17	0.17	1,927,659	1,927,659	0.72	0.72	1,935,812	1,935,812	0.74	0.74
Managers and other employees	3,124,125	3,124,125	1.15	1.15	2,238,317	2,238,317	0.83	0.83	2,231,628	2,231,628	0.86	0.86
Rexel FCPE	709,618	709,618	0.26	0.26	1,337,496	1,337,496	0.50	0.50	1,341,579	1,341,579	0.52	0.52
Public	107,008,960	107,008,960	39.36	39.36	70,456,778	70,456,778	26.21	26.21	69,025,641	69,025,641	26.53	26.53
Treasury shares	2,292,534	2,292,534 [2]	0.84	0.84 [2]	2,590,773	2,590,773 [2]	0.96	0.96 [2]	103,000	103,000 [2]	0.03	0.03 [2]
TOTAL	**271,923,229**	**271,923,229**	**100**	**100**	**268,819,759**	**268,819,759**	**100**	**100**	**260,212,996**	**260,212,996**	**100**	**100**

(1) Members of the Management Board and of the Supervisory Board.
(2) Theoretical voting rights. For the purpose of shareholders' meetings, no voting right is actually attached to these shares.

According to press releases dated February 14, 2013, Ray Investment announced the sale of 40 million of Rexel shares, representing 14.7% of the share capital of Rexel, at a price of €16 per share within the context of an accelerated bookbuilding reserved to institutional investors. Following such sale, Ray Investment was holding approximately 43.3% of the share capital and voting rights of Rexel and the shareholding interest of CD&R, Eurazeo, BAML and CDPQ in Ray Investment amounted to 35.6%, 29.4%, 24.1% and 11%.

To Rexel's knowledge and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above holds, as of December 31, 2012, more than 5% of the share capital and/or voting rights of Rexel.

8.1.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2012, Rexel received the following threshold crossing declarations:

- Pursuant to a letter received on March 5, 2012, Ray Investment declared that, on February 29, 2012, its holdings in Rexel had fallen below the 2/3 share capital and voting right threshold and that it held 160,268,736 Rexel shares representing the same number of voting rights, *i.e.* 59.62% of the share capital and voting rights of Rexel. This threshold crossing results from a market sale of Rexel shares in favour of institutional investors as part of an accelerated book building process;

– Pursuant to a letter received on June 6, 2012, BlackRock Inc. (40 East 52nd Street, New York, 10022, USA), acting for the account of clients and funds managed by it, declared that, on May 31, 2012, its holdings in Rexel had risen above the 5% share capital and voting right threshold and that its holdings for the account of such clients and funds stood at 14,880,628 Rexel shares representing the same number of voting rights, *i.e.* 5.54% of the share capital and voting rights of Rexel. This threshold crossing results from a market purchase of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 385,304 "Contracts for Differences" with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash;
– Pursuant to a letter received on July 3, 2012, BlackRock Inc. (40 East 52nd Street, New York, 10022, USA), acting for the account of clients and funds managed by it, declared that, on June 28, 2012, its holdings in Rexel had fallen below the 5% share capital and voting right threshold and that its holdings for the account of such clients and funds stood at 13,303,305 Rexel shares representing the same number of voting rights, *i.e.* 4.95% of the share capital and voting rights of Rexel. This threshold crossing results from a market sale of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 569,119 "Contracts for Differences" with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash.

8.1.2.3 Interests held by managers in the share capital of Rexel

Rexel interests held by Management Board and Supervisory Board members

As of December 31, 2012, the members of Rexel's Management Board and Supervisory Board held the following ownership interests in Rexel's share capital:

	NUMBER OF SHARES	% OF THE SHARE CAPITAL AND VOTING RIGHTS
CURRENT MEMBERS OF THE MANAGEMENT BOARD		
Rudy Provoost	–	–
Pascal Martin	463,254	0.17
MEMBERS OF THE MANAGEMENT BOARD DURING THE FINANCIAL YEAR 2012		
Michel Favre (1)	83,963	0.03
Jean-Dominique Perret (2)	316,541	0.12
CURRENT MEMBERS OF THE SUPERVISORY BOARD		
Roberto Quarta	–	–
Patrick Sayer	–	–
Vivianne Akriche	–	–
François David	–	–
Eurazeo (3)	–	–
Thomas Farrell	–	–
Fritz Fröhlich	–	–
Manfred Kindle	–	–
Angel L. Morales	–	–
David Novak	–	–
Akshay Singh	–	–
MEMBERS OF THE SUPERVISORY BOARD DURING THE FINANCIAL YEAR 2012		
Luis Marini-Portugal (4)	–	–
Françoise Gri (5)	–	–

(1) Michel Favre has ceased to serve as a member of the Management Board since October 30, 2012.
(2) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.
(3) This shareholding does not take into account the Rexel shares held by Ray Investment, approximately 32.04% of the share capital of which is held by Ray France Investment S.A.S., a more than 95%-owned subsidiary of Eurazeo.
(4) Luis Marini-Portugal resigned from his functions effective December 31, 2012.
(5) Françoise Gri resigned from her functions effective February 11, 2013.

Transactions on Rexel securities carried out by Management Board and Supervisory Board members

During the financial year ended December 31, 2012:

- On February 17, 2012, Jean-Dominique Perret, member of the Management Board until November 29, 2012, sold Rexel shares at a price of €16.44 per share for a total amount of €328,824;
- On March 30, 2012, a private individual related to Pascal Martin, member of the Management Board, sold Rexel shares at a price of €16.70 per share for a total amount of €292,250;
- On April 2, 2012, Pascal Martin, member of the Management Board, repaid certain available FCPE units at a price of €16.7168 per unit for a total amount of €13,467.64;
- On September 3, 2012, Jean-Dominique Perret, member of the Management Board until November 29, 2012, sold Rexel shares at a price of €15.8096 per share for a total amount of €395,240;
- On August 31, 2012, Pascal Martin, member of the Management Board, sold Rexel shares at a price of €15.50 per share for a total amount of €803,427;
- On September 14, 2012, a private individual related to Pascal Martin, member of the Management Board, sold Rexel shares at a price of €16.5221 per share for a total amount of €289,136.75.

8.1.2.4 Employees shareholding

Employee shareholding plan implemented in 2007

In accordance with the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting held on February 13, 2007, the Management Board has decided, on March 20, 2007 and April 4, 2007, to implement an increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the group savings plan (Plan Epargne Group – PEG) and to the international group savings plan (Plan d'Epargne Groupe International – PEGI) in France and in certain foreign countries.

The total number of shares that have been issued amounts to 1,436,874 shares, and the total amount of the capital increase reserved to such employees amounts to €19,266,448 (including an issuance premium of €12,082,078). This capital increase was carried out and recorded by the Management Board meeting of April 18, 2007. On April 18, 2007, the Management Board also carried out the issuance of 40,594 warrants to subscribe for shares (BSAs) attached to the 40,594 shares subscribed by the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat Classique International" employee investment fund (FCPE).

The assets invested in 2007 under the PEG and the PEGI became available on April 1, 2012 and May 1, 2012, respectively.

Employee shareholding plan implemented in 2010

In accordance with the twenty-seventh resolution of the combined ordinary and extraordinary shareholders' meeting of May 20, 2010, the Management Board, at its meetings of May 20, 2010 and August 31, 2010, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 20, 2010 and August 31, 2010 amounted to 356,123 shares. This share capital increase was carried out and acknowledged by the Management Board on November 17, 2010.

Furthermore, in accordance with the twenty-eighth resolution of the combined shareholders' meeting of May 20, 2010, the Management Board decided, further to the authorization of the Supervisory Board of May 20, 2010, to carry out an allocation of free shares of the Company at the benefit of members of the international Rexel Group savings plan who subscribe to the 2010 employee shareholding transaction pursuant to the twenty-seventh resolution of the shareholders' meeting. During its meeting of August 31, 2010, the Management Board adopted the free share allocation plan and on November 19, 2010, determined the list of beneficiaries of this allocation of free shares, for a total number of 135,234 shares. These free shares are subject to a condition of presence on June 30, 2015. Exceptions to this condition of presence are nevertheless provided in the aforementioned plan.

Employee shareholding plan implemented in 2012

In accordance with the thirty-third resolution of the combined ordinary and extraordinary shareholders' meeting of May 16, 2012, and with the authorization of the Supervisory board, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012 amounted to 337,465 shares. This share capital increase was carried out and acknowledged by the Management Board on November 23, 2012.

Furthermore, in accordance with the thirty-first resolution of the combined shareholders' meeting of May 16, 2012, the Management Board, further to the authorization of the Supervisory Board of May 16, 2012, adopted the free share allocation plan and, on November 23, 2012, determined the list of beneficiaries of this free share allocation plan, for a total number of 145,634 shares. These free shares are subject to a condition of presence on June 30, 2017, subject to certain exceptions.

Lastly, in accordance with the thirty-fourth resolution of the combined shareholders' meeting of May 16, 2012,

the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement the share capital increase for the benefit of Capital IRG Trusteed Limited as part of the Share Incentive Plan ("SIP") in the United Kingdom.

As of December 31, 2012, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), as part of the employee shareholding plan, was 1,046,194 shares, *i.e.,* 0.38 % of the share capital and voting rights of Rexel.

8.1.2.5 Subscription or purchase options for Rexel shares

This paragraph describes the share subscription or purchase option plans of Rexel and Rexel Développement in order to present information on the share subscription or purchase options issued and the related liquidity mechanisms.

Rexel's share purchase option plans

In accordance with the authorizations granted by the Extraordinary Shareholders' Meetings of October 28, 2005, May 31, 2006 and October 4, 2006, the Chairman of Rexel, pursuant to decisions dated as of October 28, 2005, November 30, 2005, May 31, 2006 and October 4, 2006, adopted the terms and conditions of two Rexel share subscription options plans for certain employees or corporate officers of the Rexel Group's French or foreign companies, and to proceed with the following allotments of subscription options:

PLAN	PLAN NO. 1			PLAN NO. 2	
Date of shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Option grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Number of options to subscribe for shares granted	2,711,000	169,236	164,460	259,050	34,550
Maximum total number of options that can be exercised [1]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed for [1]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed by [1]:					
– Rexel's corporate officers	–	–	–	–	–
– Rexel's top ten employees	860,750	169,236	164,460	35,500	17,600
Start of option exercise period	October 29, 2009	June 1, 2010	October 5, 2010	December 1, 2009	June 1, 2010
Option expiry date	October 28, 2016	October 28, 2016	October 28, 2016	November 30, 2016	November 30, 2016
Exercise price of the option [1]	€5.00	€6.50	€9.50	€5.00	€6.50
Number of options outstanding as of December 31, 2011	32,820	–	–	215,990	26,376
Number of shares that have been subscribed for as of December 31, 2012	–	–	–	50,836	15,100
Aggregate number of options that have been cancelled or lapsed	–	–	–	–	–
Outstanding options at the end of the financial year	32,820	–	–	165,154	11,276

(1) After the division of the par value of the Rexel share which occurred in 2007.

During the financial year ended December 31, 2012, no option to subscribe for or to purchase shares was granted to Rexel's corporate officers or any other employee and no share subscription or purchase option has been exercised by the officers of Rexel. During the financial year ended December 31, 2012, the 10 largest exercises carried out by employees in respect of all plans, were as follows:

BENEFICIARIES	NUMBER OF OPTIONS EXERCISED	NUMBER OF SHARES SUBSCRIBED	EXERCISE PRICE
Pierre Charron	3,800	3,800	€5
Roger Little	3,800	3,800	€5
Rachelle Caron	3,800	3,800	€5
Michel Valdois	3,200	3,200	€6.5
Tjalling Haisma	3,000	3,000	€6.5
Trevor Woods	3,000	3,000	€5
Guillaume Camboulive	2,600	2,600	€5
Thierry Mueth	2,600	2,600	€5
Raymond Offord	2,500	2,500	€5
Pierre Faury	3,000	3,000	€5

Plans instituted by Rexel Développement

The option plans established by Rexel Développement correspond to the option plans established by Rexel Distribution and assumed by Rexel Développement further to the merger by absorption of Rexel Distribution by Rexel Développement.

Rexel Développement share subscription option plans established in 2003

At the extraordinary shareholders' meeting held on May 14, 2003, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price could not be lower than 80% of the average of the opening prices on the stock exchange during the 20 trading days preceding the option grant date.

On July 7, 2003, the Board of Directors of Rexel Distribution set up the plans relating to these options and granted 623,413 options to subscribe for a maximum of 623,413 Rexel Distribution shares at the price of €26.75 per Rexel Distribution share. 173,488 of the 623,413 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2004 and 2005. No option with performance criteria remains effective. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for Rexel Distribution shares was adjusted. As of December 31, 2010, the subscription price was €21.61 per Rexel Distribution share.

Upon the merger by absorption of Rexel Distribution by Rexel Développement in July 2011, it was noted that there remained no potentially exercisable option under this share subscription plan.

Rexel Développement share subscription option plans established in 2004

At the extraordinary shareholders' meeting held on May 24, 2004, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,300,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the opening prices on the stock exchange during the 20 trading days preceding the date of grant of the options.

On July 5, 2004, the Board of Directors of Rexel Distribution set up the plans relating to these options and awarded 782,790 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 782,790 Rexel Distribution shares at the price of €35.26 per Rexel Distribution share. 179,550 of the 782,790 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2005 and 2006. No option with performance criteria remains effective. Following the

exceptional distribution of reserves on March 4, 2005, the subscription price for share subscription options was adjusted. As of December 31, 2010, the subscription price was €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan are exercisable between July 6, 2008 and July 4, 2014 inclusive.

In connection with the merger by absorption of Rexel Distribution by Rexel Développement in July 2011, the price and the number of shares under option were adjusted such that, as at December 31, 2011, with due account taken of the options exercised after the merger, 992 options conferring the right to subscribe to 992 shares of Rexel Développement at the price of €14.25 per Rexel Développement share, could still be exercised.

2011 liquidity mechanism

Further to the merger by absorption of Rexel Distribution by Rexel Développement, Rexel offered a liquidity mechanism to the option beneficiaries. Under this liquidity mechanism, it agreed to purchase the Rexel Développement shares subscribed to by the beneficiaries upon exercise of their options, for a certain period of time further to the merger by absorption. In this context, Rexel purchased 992 Rexel Développement shares subscribed to under the plan created on July 5, 2004, at a price of €17.27 per share.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Développement as of December 31, 2012:

				PRE-MERGER AND COMPLETION OF ADJUSTMENTS IN JULY 2011			POST-MERGER AND COMPLETION OF ADJUSTMENTS IN JULY 2011			AS AT DECEMBER 31, 2012		
DATE OF SHAREHOLDERS' MEETING	OPTION TYPE	NUMBER OF OPTIONS INITIALLY GRANTED	OPTION GRANT DATE	OPTIONS EXERCISABLE	PURCHASE OR SUBSCRIPTION PRICE AS OF GRANT DATE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT	OPTIONS EXERCISABLE	PURCHASE OR SUBSCRIPTION PRICE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT	OPTIONS EXERCISABLE	PURCHASE OR SUBSCRIPTION PRICE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT
May 14, 2003	Ordinary share subscription options	449,925	July 7, 2003	–	21.61	–	–	10.81	–	–	10.81	–
May 14, 2003	Share subscription options tied to performance criteria	173,488	July 7, 2003	–	21.61	–	–	10.81	–	–	10.81	–
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	992	28.49	992	1,984	14.25	1,984	992	14.25	992
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	–	28.49	–	–	14.25	–	–	14.25	–

During the financial year ended December 31, 2012, no option to subscribe to shares of Rexel Développement was granted. During the financial year ended December 31, 2012, no options were exercised by the employees.

8.1.2.6 Allotment of free shares

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, at its meetings of May 20, 2008 and June 23, 2008, decided to grant 1,541,720 free Rexel shares under four plans.

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.

In addition, 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 free grant of 66,241 Rexel shares.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2008:

PLAN	COMEX REXEL 2+2	COMEX REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0	COMEX REXEL 2+2	COMEX REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' Meeting	May 20, 2008							
Management Board	June 23, 2008				October 1, 2008			
Number of beneficiaries	7	6	130	279	–	1	3	10
Initial number of free shares allocated	241,211	217,920	280,698	801,891	–	28,436	3,456	34,349
Corporate officers								
Jean-Charles Pauze	70,708	–	–	–	–	–	–	–
Nicolas Lwoff [(1)]	35,581	–	–	–	–	–	–	–
Pascal Martin	35,581	–	–	–	–	–	–	–
Jean-Dominique Perret [(2)]	35,581	–	–	–	–	–	–	–
Top ten employees [(3)]	328,021							
Date of final allocation	June 23, 2010	June 23, 2012	June 23, 2010	June 23, 2012	October 1, 2010	October 1, 2012	October 1, 2010	October 1, 2012
Date of transferability of shares	June 24, 2012	June 24, 2012	June 24, 2012	June 24, 2012	October 2, 2012	October 2, 2012	October 2, 2012	October 2, 2012
Number of free shares allocated and valid at December 31, 2011	–	37,889	–	327,199	–	4,944	–	9,711
Number of free shares delivered at December 31, 2012	–	37,889	–	326,551	–	4,944	–	8,282
Number of free shares that have been cancelled or lapsed	–	–	–	648	–	–	–	1,429
Number of free shares allocated and effective at December 31, 2012	–	–	–	–	–	–	–	–

(1) Nicolas Lwoff left the Rexel Group as of February 12, 2009.
(2) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.
(3) The first ten grants have been indicated, independently from the number of beneficiaries.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012).

During the financial year ended December 31, 2012, the following shares vested in favor of the first twelve employees of the Rexel Group under the plans providing for a 4-year vesting period:

BENEFICIARIES	NUMBER OF VESTED SHARES			
	PLAN COMEX REXEL 4+0 (JUNE 23, 2008)	PLAN MANAGERS REXEL 4+0 (JUNE 23, 2008)	PLAN COMEX REXEL 4+0 (OCTOBER 1, 2008)	PLAN MANAGERS REXEL 4+0 (OCTOBER 1, 2008)
TOP TWELVE EMPLOYEES				
Chris Hartmann	16,480		4,944	
Bradford Greene		7,084		
Kerry Warren		7,084		
Henri-Paul Laschkar	6,187			
Jeremy de Brabant	4,850			
Mitch Williams	4,850			
Robert Connors		4,212		
John Gschwind		4,212		
James Hibberd		4,212		
Mark Testa		4,212		
Guy Picken		4,024		
Hubert Salmon	4,024			

Allocation of free shares during the financial year ended December 31, 2009

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 11, 2009, the Management Board, at its meeting of May 11, 2009, decided to grant 1,372,166 free Rexel shares under four plans.

The table below summarizes the free share allocations carried out in the financial year ended December 31, 2009:

PLAN	COMEX REXEL 2+2	COMEX REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' Meeting	May 20, 2008			
Management Board	May 11, 2009			
Number of beneficiaries	3	7	96	190
Initial number of free shares allocated	107,934	218,884	259,282	786,066
Corporate officers				
– Michel Favre [(1)]	58,500	–	–	–
Top eleven employees [(2)]	310,754			
Date of final allocation	May 11, 2011	May 11, 2013	May 11, 2011	May 11, 2013
Date of transferability of shares	May 12, 2013	May 12, 2013	May 12, 2013	May 12, 2013
Number of free shares allocated and valid at December 31, 2011	–	165,840	–	602,575
Initial number of free shares cancelled or having lapsed [(3)], including:	–	–	–	2,187
– Number of free shares that have lapsed as a result of the condition of presence	–	–	–	2,187
– Number of free shares that have lapsed as a result of the performance condition	–	–	–	–
Number of free shares allocated and valid at December 31, 2012	–	165,840	–	600,388

(1) Michel Favre was appointed as corporate officer further to the allocation of free shares and has received the free shares granted in his capacity as employee. Since October 30, 2012, Michel Favre is no longer a member of the Management Board.
(2) Given the number of shares allocated to the employees, the eleven first grants have been indicated.
(3) Condition of presence which has not been satisfied or performance condition which has not been satisfied.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012).

During the financial year ended December 31, 2012, no shares vested under these plans.

Free shares granted in the financial year ended December 31, 2010

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board, during its meeting of May 11, 2010, decided to grant 1,519,862 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

On May 11, 2010, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allocation of free shares shall retain 20% of such shares in registered form until the end of their term of office.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2010:

PLAN	LEADERSHIP REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' Meeting	May 20, 2009			
Management Board	May 11, 2010			
Number of beneficiaries	27	47	74	151
Initial number of free shares allocated	391,306	544,262	160,836	423,458
Corporate officers				
– Jean-Charles Pauze	78,708	–	–	–
– Michel Favre [1]	35,581	–	–	–
– Pascal Martin	46,255	–	–	–
– Jean-Dominique Perret [2]	39,910	–	–	–
Top eleven employees [3]	309,933			
Date of irrevocable acquisition	May 11, 2012	May 11, 2014	May 11, 2012	May 11, 2014
Date of transferability of shares	May 12, 2014	May 12, 2014	May 12, 2014	May 12, 2014
Number of free shares allocated and valid at December 31, 2011	372,692	495,526	140,119	363,258
Number of free shares allocated cancelled or expired, of which [4]	–	7,208	4,300	14,122
– Number of shares expired pursuant to the condition of presence	–	–	–	–
– Number of shares expired pursuant to the condition of performance	–	–	–	–
Number of shares vested at December 31, 2012	372,692	–	135,819	–
Number of free shares allocated and valid at December 31, 2012	–	488,318	–	349,136

(1) Since October 30, 2012, Michel Favre is no longer a member of the Management Board.
(2) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.
(3) Considering the number of shares allocated to employees, the first eleven allocations were selected.
(4) Condition of presence not met or condition of performance not achieved.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012).

During the financial year ended December 31, 2012, the following shares vested in favor of the corporate officers and top twelve employees :

BENEFICIARIES	NUMBER OF VESTED SHARES LEADERSHIP REXEL 2+2 (1)
CORPORATE OFFICERS	
Rudy Provoost	–
Michel Favre	34,980
Pascal Martin	45,472
Jean-Dominique Perret	39,235
TOP TWELVE EMPLOYEES	
Patrick Bérard	34,980
Jeremy de Brabant	20,300
Olivier Baldassari	11,236
Benoît Dutour	11,236
Garrett Mock	7,843
Jérôme Baniol	7,492
Laurent Delabarre	7,492
Franck Guyomard	7,492
Marie-Pierre Marchand	7,492
Grégoire Bertrand	7,208
Jean-François Deiss	7,208
José Prétot	7,208

(1) Terms of acquisition of shares under the Leadership Rexel 2+2 Plan: 2-year presence condition and following performance conditions:
- the acquisition of 50% of the number of shares depends on the EBITDA margin variation between 2009 and 2011;
- the acquisition of 25% of the number of shares depends on the 2010 EBITDA level;
- the acquisition of 25% of the number of shares depends on the 2010 Net Debt / 2010 EBITDA ratio.

Free shares granted in the financial year ended December 31, 2011

Free share plan created on May 12, 2011

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2010 and by the Supervisory Board on May 11, 2011, the Management Board, during its meeting of May 12, 2011, decided to grant 2,082,748 free Rexel shares under five plans.

On May 11, 2011, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allocation of free shares shall retain 20% of such shares in registered form until the end of their term of office.

The table below summarizes the free share allocations carried out on May 12, 2011:

PLAN	LEADERSHIP REXEL 2+2	MANAGERS REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 4+0	OPERATING MANAGERS 2+2	OPERATING MANAGERS 4+0
Shareholders' Meeting	May 20, 2010					
Management Board	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011
Number of beneficiaries	29	83	39	170	113	423
Initial number of free shares allocated	429,203	177,931	507,879	484,110	96,375	387,250
Corporate officers						
– Jean-Charles Pauze	78,708	–	–	–	–	–
– Michel Favre [(1)]	35,581	–	–	–	–	–
– Pascal Martin	39,910	–	–	–	–	–
– Jean-Dominique Perret [(2)]	35,581	–	–	–	–	–
First ten employees	303,224					
Date of irrevocable acquisition	May 12, 2013	May 12, 2013	May 12, 2015	May 12, 2015	May 12, 2013	May 12, 2015
Date of transferability of shares	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015
Number of free shares allocated and valid at December 31, 2011	384,643	160,248	426,674	425,793	86,625	375,750
Number of free shares allocated and cancelled or expired, of which	202,428	72,101	236,321	191,253	3,625	24,625
– Number of shares expired pursuant to the presence condition	15,873	8,918	41,441	23,110	3,625	24,625
– Number of shares expired pursuant to the performance condition	186,555	63,183	194,880	168,143	–	–
Number of free shares allocated and valid at December 31, 2012	182,215	88,147	190,353	234,540	83,000	351,125

(1) Since October 30, 2012, Michel Favre is not longer a member of the Management Board.
(2) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012).

During the financial year ended on December 31, 2012, no shares vested in favor of the corporate officers or the top ten employees.

Free share plan created on October 11, 2011

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on October 6, 2011, the Management Board, at its meeting of October 11, 2011, decided:

- to grant 281,701 Rexel shares to the corporate officers and employees of Rexel under four plans: "Leadership Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 59,018 Rexel shares to Rudy Provoost under the "Ordinary" plan. The criteria and conditions for granting the free shares decided by the Management board included a two-year presence condition but no performance condition; and
- to allocate 1.343,310 free Rexel shares to the members of the Executive Committee, including the managing corporate officers and certain key contributors under two plans: "Exceptionnel 5+0" and "Exceptionnel 3+2".

The table below summarizes the free share allocations carried out on October 11, 2011:

PLAN	EXCEPTIONAL 3+2	EXCEPTIONAL 5+0	ORDINARY 2+2	LEADERSHIP REXEL 2+2	MANAGERS REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 4+0
Shareholders' Meeting	May 19, 2011						
Management Board	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011
Number of beneficiaries	7	8	1	1	6	1	11
Initial number of free shares allocated	840,334	502,976	59,018	236,532	10,929	8,381	25,859
Corporate officers							
– Rudy Provoost	430,155	–	59,018	236,532	–	–	–
– Michel Favre [(1)]	90,419	–	–	–	–	–	–
– Pascal Martin	90,419	–	–	–	–	–	–
– Jean-Dominique Perret [(2)]	57,485	–	–	–	–	–	–
– Jean-Charles Pauze	–	–	–	–	–	–	–
Top ten employees	640,900						
Date of irrevocable acquisition	October 11, 2014	October 11, 2016	October 11, 2013	October 11, 2013	October 11, 2013	October 11, 2015	October 11, 2015
Date of transferability of shares	October 12, 2016	October 12, 2016	October 12, 2015	October 12, 2015	October 12, 2015	October 12, 2015	October 12, 2015
Number of free shares allocated and valid at December 31, 2011	840,334	502,976	59,018	215,791	10,138	7,408	23,979
Number of free shares allocated and cancelled or expired, of which	–	56,387	–	109,169	4,232	3,629	12,603
– Number of shares expired pursuant to the presence condition	–	56,387	–	–	–	–	4,450
– Number of shares expired pursuant to the performance condition	–	–	–	109,169	4,232	3,629	8,153
Number of free shares allocated and valid at December 31, 2012	840,334	446,589	59,018	106,622	5,906	3,779	11,376

(1) On October 30, 2012, Michel Favre ceased to be a member of the Management Board.
(2) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012).

During the financial year ended on December 31, 2012, no shares vested in favor of the corporate officers or the top ten employees.

Free shares granted in the financial year ended December 31, 2012

Free share plan created on May 2, 2012

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on May 2, 2012, the Management Board, at its meeting of May 2, 2012, decided to grant 2,019,324 free Rexel shares under two plans.

On May 2, 2012, further to the authorization granted to the Management Board to proceed with free share allocations, the Supervisory Board decided that the members of the Management Board benefitting from a free share allocation would be required to hold 20% of the free shares allocated to them in registered form until the expiry of their functions.

Free share plan created on July 26, 2012

Pursuant to the authorizations granted by Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on July 26, 2012,

the Management Board, at its meeting of July 26, 2012, decided to grant 243,080 free Rexel shares under two plans.

The table below summarizes the free share allocations carried out during the financial year ended on December 31, 2012:

PLAN	REXEL 2+2	REXEL 4+0	REXEL 2+2	REXEL 4+0
Shareholders' Meeting	May 19, 2011		May 16, 2012	
Management Board	May 2, 2012		July 26, 2012	
Number of beneficiaries				
Initial number of free shares allocated	737,024	1,282,300	59,243	183,837
Corporate officers				
– Rudy Provoost	90,816	–	–	–
– Pascal Martin	46,050	–	–	–
– Jean-Dominique Perret [1]	41,055	–	–	–
– Michel Favre [2]	41,055	–	–	–
Top ten employees	400,103			
Date of irrevocable acquisition	May 2, 2014	May 2, 2016	July 26, 2014	July 26, 2016
Date of transferability of shares	May 3, 2016	May 3, 2016	July 27, 2016	July 27, 2016
Number of free shares allocated, cancelled or expired, of which	110,215	202,858	7,934	24,620
– Number of shares expired pursuant to the presence condition	13,478	36,267	–	–
– Number of shares expired pursuant to the performance condition	96,737	166,591	7,934	24,620
Number of free shares allocated and valid at December 31, 2012	626,809	1,079,442	51,309	159,217

(1) Having reached the age of 65, Jean-Dominique Perret resigned from his functions on November 29, 2012.
(2) Since October 30, 2012, Michel Favre is no longer a member of the Management Board.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 16 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2012).

In the financial year ended December 31, 2012, the Management Board granted free shares to the corporate officers and to the top 10 employees of the Rexel Group as follows:

BENEFICIARY	NAME AND DATE OF THE PLAN	NUMBER OF SHARES	VALUATION OF SHARES ALLOCATED	DATE OF ACQUISITION	DATE OF TRANSFERABILITY	CONDITIONS [1]
CORPORATE OFFICERS						
Rudy Provoost	Rexel 2+2 May 2, 2012	90,816	1,314,108	May 2, 2014	May 3, 2016	Rexel 2+2
Pascal Martin	Rexel 2+2 May 2, 2012	46,050	666,343	May 2, 2014	May 3, 2016	Rexel 2+2
Michel Favre	Rexel 2+2 May 2, 2012	41,055	594,066	May 2, 2014	May 3, 2016	Rexel 2+2
Jean-Dominique Perret	Rexel 2+2 May 2, 2012	41,055	594,066	May 2, 2014	May 3, 2016	Rexel 2+2
TOP TEN EMPLOYEES						
Chris Hartmann	Rexel 4+0 May 2, 2012	64,500	847,530	May 2, 2016	May 3, 2016	Rexel 4+0
Mitch Williams	Rexel 4+0 May 2, 2012	55,260	726,116	May 2, 2016	May 3, 2016	Rexel 4+0
Peter Hakanson	Rexel 2+2 July 26, 2012	55,163	653,682	July 26, 2014	July 27, 2016	Rexel 2+2
Jeff Baker	Rexel 4+0 July 26, 2012	48,375	506,003	July 26, 2016	July 27, 2016	Rexel 4+0
Patrick Bérard	Rexel 2+2 May 2, 2012	41,055	594,066	May 2, 2014	May 3, 2016	Rexel 2+2
Henri-Paul Laschkar	Rexel 4+0 May 2, 2012	41,055	539,463	May 2, 2016	May 3, 2016	Rexel 4+0
Jeremy de Brabant	Rexel 2+2 May 2, 2012	23,825	344,748	May 2, 2014	May 3, 2016	Rexel 2+2
Jeff Hall	Rexel 4+0 May 2, 2012	23,825	313,061	May 2, 2016	May 3, 2016	Rexel 4+0
Michel Klein	Rexel 4+0 May 2, 2012	23,825	313,061	May 2, 2016	May 3, 2016	Rexel 4+0
Kerry Warren	Rexel 4+0 May 2, 2012	23,220	305,111	May 2, 2016	May 3, 2016	Rexel 4+0

(1) 2-year presence condition and following performance conditions:
- the acquisition of 50% of the free shares depends on the EBITA margin variation between 2011 and 2013;
- the acquisition of 15% of the free shares depends on the 2012 EBITA level;
- the acquisition of 25% of the free shares depends on the average free cash flow before interest and taxes / EBITDA ratio between 2012 and 2013;
- the acquisition of 10% of the free shares depends on the level of free cash flow before interest and taxes in 2012.

8.1.2.7 Issuance and granting of warrants to subscribe for Rexel shares

Under the employee shareholder plan set up in 2007, in order to take into account the constraints relating to local regulation, the Management Board had 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.

The Warrants were exercisable at any time by the holder of the Warrants until April 30, 2012, inclusive. At April 30, 2012, no Warrants had been exercised. The Warrants lapsed on April 30, 2012.

8.1.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this *Document de Référence,* the Rexel's shareholders hold the same number of voting rights as the number of shares they own.

8.1.4 Control structure

Rexel is currently controlled directly by Ray Investment, a *société à responsabilité limitée* (limited liability company) governed by the laws of Luxembourg, which owned 58.22% of Rexel as at December 31, 2012 (it being noted that Ray Investment was holding approximately 43.3% of the share capital and voting rights of Rexel following the sale of 40 million of Rexel shares on February 14, 2013). Ray Investment is owned, directly or indirectly, by Clayton, Dubilier & Rice, Inc., Eurazeo S.A., BAMLCP and Caisse de Dépôt et Placement du Québec. The remainder of Rexel's share capital is held by the principal Rexel Group senior managers and executives and the public.

The two-tier management structure (Management Board and Supervisory Board), the creation of committees of the Supervisory Board, the appointment of independent members at the Supervisory Board and at the committees of the Supervisory Board, the performance of reviews of the operation and work of the Supervisory Board and of its committees, within the conditions described in chapter 7 "Corporate Governance" of this *Document de Référence,* will notably enable Rexel to avoid being controlled in an "abusive manner" within the meaning of European Council Regulation N° 809/2004 dated April 29, 2004.

8.1.5 Agreements potentially leading to a change of control

CD&R, Eurazeo, BAMLCP, Caisse de Dépôt et Placement du Québec and Ray Investment (either directly or through their respective investment vehicles) entered into several agreements in order to structure their relationship as direct and indirect shareholders of Rexel. These agreements and the amendments thereto are described below.

Ray Investment Shareholders' Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec amended the existing Ray Investment shareholders agreement entered into on March 26, 2005 (the **"Ray Investment Shareholders' Agreement"**). The Ray Investment Shareholders' Agreement aims at structuring the relationships between the shareholders of Ray Investment.

The Ray Investment Shareholders' Agreement notably provides that decisions to be taken by Ray Investment as a shareholder of Rexel, as well as certain decisions with respect to Ray Investment should be previously approved by the members of the Consortium or of Ray Investment partners, in accordance with particular majority requirements.

With the exception of transfers to affiliates, interests held in Ray Investment are not transferable to third-parties without the prior written consent of CD&R, Eurazeo, BAMLCP and the Caisse de Dépôt et Placement du Québec.

However, the parties to the Ray Investment Shareholders' Agreement have the option to exchange their shares in Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with certain conditions.

The Ray Investment Shareholders' Agreement entered into force upon the admission of Rexel's shares to trading on the regulated market of NYSE Euronext in Paris and will remain in effect for 10 years from the date of this admission. However, the Ray Investment Shareholders' Agreement will cease to apply to a given party at such time as such party no longer holds any interest in Ray Investment.

Rexel Shareholders' Agreement

On April 4, 2007, CD&R, Eurazeo and BAMLCP entered into a shareholders' agreement, which was amended on February 29, 2012 in order to organize the corporate governance of Rexel (the **"Rexel Shareholders' Agreement"**).

The Rexel Shareholders' Agreement provides that Rexel's Supervisory Board comprises three members appointed from a list proposed by CD&R, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by BAMLCP and three independent members, one of whom may be appointed from a list proposed by BAMLCP, so long as such person meets independence criteria and BAMLCP's direct or indirect participation in Rexel's capital remains equal to at least 5%. The number of Supervisory Board members that may be nominated by CD&R, Eurazeo and BAMLCP may be reduced if their direct or indirect ownership of Rexel is reduced below certain thresholds.

CD&R has the right to nominate the first chairman of the Supervisory Board. Subsequently, if Eurazeo or BAMLCP's shareholdings are greater by 50% than CD&R's, Eurazeo or BAMLCP, as the case may be, will be entitled to nominate the chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board has the following four committees: an Audit Committee, a Compensation Committee, an Appointment Committee and a Strategic Committee.

The Rexel Shareholders' Agreement will expire on April 4, 2017. In addition, the Rexel Shareholders' Agreement will terminate on the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital or if such shareholders cease to control Rexel within the meaning of article L.233-3 of the French Commercial Code. Finally, the provision of the Rexel Shareholder's Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

The Rexel Shareholder's Agreement also provides that it will automatically become void if any of the shareholders (acting alone or through one of its subsidiaries) launches a tender offer to purchase all of Rexel's existing shares.

Liquidity Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec entered into an agreement relating to the acquisition and disposal of Rexel's shares. CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec have restated and simplified this agreement through an agreement dated February 29, 2012, amended in 2013, (the **"Liquidity Agreement"**) and have extended its term.

CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec may, under certain conditions:

- Sell, or have Ray Investment sell, Rexel shares into the market subject to a maximum of €25 million per 30-day period, subject to prior notice to the other shareholders of Ray Investment on the day preceeding the contemplated sale at the latest; and
- Initiate, or have Ray Investment initiate, (i) the sale of Rexel's shares through a block trade with reasonably estimated gross proceeds of at least €75 million, or (ii) an underwritten secondary public offering of Rexel's shares with reasonably estimated gross proceeds of at least €150 million (it being clarified that such an offering may not be initiated within six months of the completion of a similar offering without the prior approval of CD&R, Eurazeo and BAMLCP). The other parties to the Liquidity Agreement will have the right to participate in such block trades or offerings, pro rata to their respective shareholdings.

The transfer of Rexel's shares between affiliates of the parties to the Liquidity Agreement are authorized, subject to the transferee affiliate agreeing to adhere to the provisions of the Liquidity Agreement. In addition, the Liquidity Agreement will not apply to market transactions or asset management transactions effected by any bank or asset management company affiliated with CD&R, Eurazeo or BAMLCP.

The Liquidity Agreement also provides that any sale of Rexel shares to a competitor of the Rexel Group be subject to the prior approval of CD&R, Eurazeo and BAMLCP (with the exception of sales made in the context of a public offering covering 100% of the shares of Rexel).

The Liquidity Agreement will remain in effect until the later of (i) April 4, 2015 and (ii) the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 25% of Rexel's capital. Furthermore, the provision of the Liquidity Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

Public Offering Rights Agreement

On February 13, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement in order to structure their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the partners of Ray Investment is able to request that, starting January 1, 2008, Ray Investment proceeds with the repurchase of all of such partner's current interests in Ray Investment in exchange for the corresponding amount of Rexel' shares held by Ray Investment.

In addition, in the event that Ray Investment effects a capital decrease through the repurchase of ownership interests using proceeds from the sale of shares in the proposed initial public offering of Rexel, each of the partners of Ray Investment will be entitled to participate in this capital decrease, pro rata to their interest in Ray Investment Payment for such interests will be made through cash or shares of Rexel held by Ray Investment. This foregoing will remain true, even if such a capital decrease occurs before January 1, 2008.

Cooperation Agreement

On April 4, 2007, Rexel and Ray Investment and its partners entered into an agreement, which was amended on July 2, 2012, in order to structure their relationships in case of a sale of Rexel's shares by Ray Investment or its partners (the **"Cooperation Agreement"**).

The Cooperation Agreement applies to sales carried out pursuant to (i) a public offering or a private placement and to the extent that the proceeds of such offering would total €100 million or more (except for any public offer outside of France that would require the filing of a prospectus by a market authority) or (ii) an accelerated book-building process, to the extent the proceeds of such transaction would total €75 million or more.

The Cooperation Agreement specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers, access to information, as well as the due diligences to be conducted in the context of these transactions.

Rexel will not be required to take part in any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter total €100 million or more, or within a period of three months following any sale transaction pursuant to an accelerated book-building process, the proceeds of which would total €75 million or more. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any sale transaction as long as Rexel's Supervisory Board considers that taking part in the latter would go against Rexel's corporate purpose.

The Cooperation Agreement will expire on April 4, 2017.

8.1.6 Dividend policy

After the prior authorization of the Supervisory Board, the Management Board may propose a dividend distribution to the shareholders' meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Under the senior credit agreement dated December 17, 2009, Rexel undertook not to declare, distribute or pay any dividend, expenses, fee or any other distribution (or interest in respect of any unpaid dividend, expenses, fee or any other distribution) in cash or in kind, in respect of its share capital, for the financial years ended December 31, 2009 and December 31, 2010, and, thereafter, for as long as the Indebtedness Ratio is above or equal to 4.00.

Rexel has distributed the following dividends in respect of the last three financial years:

YEAR	TOTAL DIVIDEND	DIVIDEND PER SHARE
2010	€105,188,813	€0.40
2011	€173,456,613.20	€0.65
2012	€202,223,021.25*	€0.75*

* Amount submitted to the approval of the Shareholders' Meeting.

Rexel offered its shareholders the opportunity to opt for a payment in shares or in cash of the dividend paid in respect of the financial year ended December 31, 2011. The option was open from May 24, 2012 until June 12, 2012. For the payment in shares, the issue price of the new Rexel shares had been set at €13.39 per share. Upon expiry of the exercise period, 47,393,145 coupons had been exercised in favour of a payment in shares. The option for a dividend payment in shares resulted in the creation of 2,273,474 new shares, representing 0.85% of the share capital and voting rights of Rexel, on the basis of the outstanding shares as at June 21, 2012, *i.e.* 268,903,438 shares.

In accordance with the provisions of law n° 2011-894 of July 28, 2011, Rexel, in relation to the dividend paid in 2012 in respect of 2011, paid a profit-sharing bonus in a maximum gross amount of €150 to the eligible employees within the Rexel Group. In parallel, eligible employees have been offered the ability to pay €150 in the Rexel Group savings plan *(Plan d'Épargne Groupe)* in a portfolio invested in Rexel securities and to benefit, by making this payment, from a gross contribution *(abondement)* paid by their respective employers in a gross amount of €250.

8.2 SHARE CAPITAL

8.2.1 Subscribed share capital and authorized but unissued share capital

As of December 31, 2012, Rexel's share capital amounted to €1,359,616,145, divided into 271,923,229 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

As of December 31, 2011, Rexel's share capital amounted to €1,344,098,795, divided into 268,819,759 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

The ordinary and extraordinary shareholders' meeting held on May 16, 2012 granted various authorizations to the Management Board, which used such powers and authorizations as described below. In addition, at its meeting held on February 5, 2013, the Management Board decided to submit to the approval of the Shareholders' Meeting the following projects of delegations and authorizations:

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2013		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 16, 2012 (resolution 26)	26 months (July 15, 2012)	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €800,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of Shares and/or Debt securities	Deduction of: – allocation of free shares of July 26, 2012: 243,080 shares; – allocation of free shares of November 23, 2012 (Opportunity 12): 145,634 shares; – share capital increase of November 23, 2012 (Opportunity 12): 337,465 shares, *i.e.* €1,687,325; – share capital increase reserved to categories of beneficiaries (launch decision taken on May 16, 2012 and September 3, 2012) : up to 814,657 shares representing a total maximum amount of €4,073,285 (1) Balance: €796,369,105 (2)	–	–	–

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2013		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuance by way of public offering with cancellation of the preferential subscription right	May 16, 2012 (resolution 27)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26	Not applicable	–	–	–
Issuance by way of offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right	May 16, 2012 (resolution 28)	26 months (July 15, 2014)	Shares: € 400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26	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	May 16, 2012 (resolution 29)	26 months (July 15, 2014)	15% of initial issuance This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26	Not applicable	–	–	–
Determination of price of issuances carried out by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	May 16, 2012 (resolution 30)	26 months (July 15, 2014)	10% of the share capital on the date of the decision of the Management Board determining the offering price per 10-month period This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26	Not applicable	–	–	–
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 16, 2012 (resolution 35)	26 months (July 15, 2014)	10% of Rexel's share capital on the date of the decision of the Management Board approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 26	Not applicable	–	–	–

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2013		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Issuance in consideration for shares contributed under a public exchange offering.	May 16, 2012 (resolution 36)	26 months (July 15, 2014)	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount is deductible from the maximum amount provided under resolution 26	Not applicable	–	–	–
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 16, 2012 (resolution 37)	26 months (July 15, 2014)	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from the maximum amount provided under resolution 26	Not applicable	–	–	–
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 16, 2012 (resolution 25)	18 months (November 15, 2013)	10% of the share capital on the date of cancellation by 24-month period	Not applicable	14	18 months	10% of the share capital on the date of cancellation by 24-month period
STOCK-OPTIONS, FREE SHARE ALLOCATIONS AND EMPLOYEE SAVINGS PLAN							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 16, 2012 (resolution 33)	26 months (July 15, 2014)	2% of the share capital on the date of the decision of the Management Board This maximum amount is deductible from the maximum amount provided under resolution 26 Issuances carried out on the basis of resolution 34 should be deducted from this maximum amount	Share capital increase of November 23, 2012 (Opportunity 12): 337,465 shares, *i.e.* €1,687,325 *i.e.* 0.12% of the share capital at December 31, 2012	16	26 months	2% of the share capital on the date of the decision of the Management Board This maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 Issuances carried out on the basis of resolution 17 should be deducted from this maximum amount
Issuances reserved to certain categories of beneficiaries in order to implement employee shareholding transactions	May 16, 2012 (resolution 34)	18 months (November 15, 2013)	1% of the share capital on the date of the decision of the Management Board This maximum amount shall be deducted from the 2% maximum amount of resolution 33 on company savings and from the maximum amount provided under resolution 26	Share capital increase reserved to categories of beneficiaries (launch decision taken on May 16, 2012 and September 3, 2012) : up to 814,657 shares representing a total maximum amount of €4,073,285 [1]	17	18 months	1% of the share capital on the date of the decision of the Management Board This maximum amount shall be deducted from the 2% maximum amount of resolution 16 on company savings and from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 22, 2013		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Free share allocations	May 16, 2012 (resolution 31)	26 months (July 15, 2014)	2.5% of the share capital on the date of the decision of the Management Board This maximum amount is common to resolution 32 and should be deducted from the maximum amount provided under resolution 26	Utilization on July 26, 2012: 243,080 shares Utilization on November 23, 2012 (Opportunity 12): 145,634 shares *i.e.* 0.14% of the share capital at December 31, 2012	15	26 months	2.5% of the share capital on the date of the decision of the Management Board This maximum amount should be deducted from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012
Issuance of share subscription or purchase options	May 16, 2012 (resolution 32)	26 months (July 15, 2014)	2.5% of the share capital on the date of the decision of the Management Board This maximum amount is common to resolution 31 and should be deducted from the maximum amount provided under resolution 26	Not applicable	–	–	–
BUY-BACK BY REXEL OF ITS OWN SHARES							
Shares repurchases	May 16, 2012 (resolution 22)	18 months (November 15, 2013)	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €22	Utilization: – under the Natixis liquidity contract for market-making purposes; – for the purpose of delivering free shares: 500,000 shares repurchased in June 2012.	12	18 months	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €22

(1) The final amount of the share capital increase reserved to certain categories of beneficiaries in order to implement employee shareholding transactions as decided by the Management Board on May 16, 2012 and September 3, 2012 will only be known upon completion, ie in 2013.

(2) Once determined, the final amount of the share capital increase reserved to certain categories of beneficiaries in order to implement employee shareholding transactions will have to be deducted from the balance.

8.2.2 Securities not representative of share capital

As of the date of this *Document de Référence,* Rexel has not issued any securities not representing share capital.

8.2.3 Treasury shares and purchase by Rexel of its own shares

Information on the share repurchase plan approved by the shareholders' meeting of May 16, 2012

Characteristics of the share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 16, 2012 authorized the Management Board, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code and in accordance with articles 241-1 to 241-6 of the French financial markets authority *(AMF)* general rules, and Regulation n° 2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10 % of Rexel's share capital.

The characteristics of this repurchase plan are as follows:

RELEVANT SECURITIES	SHARES
Maximum percentage of share capital that may be repurchased	10% (being specified that the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution may not exceed 5% of Rexel's share capital)
Maximum number of securities that may be purchased	27,192,322 shares (*i.e.* 10% of the share capital at December 31, 2012)
Aggregate maximum amount of the plan	€250 million
Maximum price per share	€22
Duration of the plan	18 months, *i.e.* until November 15, 2013

The objectives of the plan, in order of highest to lowest priority, are the following:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter ;
- setting up any stock-option plan for Rexel in accordance with articles L.225-117 of the French Commercial Code, any allocations of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations, allotments or sales of shares, particularly in connection with profit sharing plans or employee shareholding plans in favour of group employees other than under a savings plan, in particular for the purpose of a "Share Incentive Plan" in the United Kingdom, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- cancelling all or part of the shares so repurchased;
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel may pursue the implementation of its share repurchase plan, in compliance with the applicable legal and regulatory provisions.

Share repurchases carried out by Rexel during the financial year ended December 31, 2012

Overview

During the financial year ended December 31, 2011, Rexel purchased 5,077,298 shares at an average price of €14.8693 and for a total cost of €75,495,867.15, representing 1.87% of Rexel's share capital. Of these shares, 4,577,298 were acquired for market-making purposes under liquidity contracts (described below) and 500,000 shares were acquired with a view to their delivery to the beneficiaries of free share allocations.

Transactions carried out by Rexel on its own shares for the year ended December 31, 2012 mainly consisted of:

Number of shares cancelled during the last 24 months	NA
Number of shares held by Rexel as treasury shares as of December 31, 2012	2,292,534
Percentage of capital directly or indirectly held by Rexel as of December 31, 2012	0.84%
Book value of the treasury shares	€29,481,536.22
Market value of the treasury shares as of December 31, 2012	€35,396,724.96

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2012.

Breakdown by objective

The Management Board decided to implement the share repurchase plan with a view to serving two objectives.

Liquidity contract

Until September 11, 2011, Rexel implemented the share repurchase plan approved by Rexel's shareholders' meeting of May 16, 2012 under a liquidity contract entered into with Natixis that complies with the AMF ethics charter.

During the financial year ended December 31, 2012, 4,577,298 shares of Rexel were acquired by Natixis pursuant to the liquidity contract, at an average price of €14.9684, and 4,915,814 shares of Rexel were sold by Natixis pursuant to the liquidity contract, at an average price of €15.0525.

As of December 31, 2012, Rexel held 277,257 treasury shares, with a par value of €5 each, acquired at an average price of €14.9125, representing an aggregate purchase value of €4,134,595.01, representing 0.1% of the share capital of Rexel.

The trading costs borne by Rexel in connection with these purchases amount to €53,820 (including taxes) in 2012.

Free share allocation

Additionally, on May 31, 2012, Rexel implemented the share repurchase plan for the purpose of delivering existing shares in connection with the free share allocation plans set up by the Management Board (see paragraph 8.1.2.6 "Allotment of free share" of this *Document de Référence*).

During the financial year ended December 31, 2012, 500,000 Rexel shares were purchased by Rexel for an average price of €13.962.

At December 31, 2011, Rexel held 2,015,277 treasury shares with a par value of €5 each, purchased at an average price per share of €12.4155, *i.e.* an aggregate purchase value of €25,020,671.59, representing 0.74% of Rexel's share capital.

The trading costs borne by Rexel in connection with these purchases amount to €8,349 (including taxes) in 2012.

Information on the share repurchase plan submitted to the approval of the shareholders' meeting

At its meeting of February 5, 2013, the Management decided to submit a resolution to the shareholders' meeting authorizing it, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, of articles 241-1 to 241-6 of the General Regulation of the *Autorité des marchés financiers* and of Regulation n° 2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased a maximum number of Rexel shares, representing up to 10% of Rexel's share capital.

Objectives of the share repurchase plan

The objectives of the plan, in order of highest to lowest priority, would be the following:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter;
- setting up any stock option plan for Rexel in accordance with articles L.225-117 of the French Commercial Code, any allocations of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French Labor Code, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any granting, allocation or transfer of shares in particular in connection with profit sharing plans or in connection with a shareholding plan to the benefit of the group employees set up outside of an employee savings plan, in particular for the needs of a "Share Incentive Plan" in the United Kingdom, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;

- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- cancelling all or part of the shares so repurchased;
- any other action that is or will become permitted or accepted by French law or the AMF or any purpose that may comply with the regulations in force.

Terms of the share repurchase plan

Maximum portion of share capital subject to purchase authorization

The Management Board would be authorized to purchase or cause to be purchased a maximum number of Rexel shares representing up to 10% of Rexel's share capital.

Furthermore, the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution transaction could not exceed 5% of Rexel's share capital.

In accordance with article L.225-209 paragraph 2 of the French Commercial Code, where the shares are repurchased in order to encourage liquidity under the conditions defined by the General Regulation of the *Autorité des marchés financiers,* the number of shares taken into consideration for the calculation of the 10% limitation provided under the first paragraph of article L.225-209 shall be equal to the number of shares purchased, less the number of shares subsequently sold back during the authorization period.

In accordance with article L.225-210 of the French Commercial Code, the number of shares held by Rexel on any given may not exceed 10% of the shares comprised in the share capital of Rexel on the given date.

Considering that, as at December 31, 2012, Rexel was holding 2,292,534 of its shares representing 0.84% of Rexel's share capital, the maximum number of Rexel shares capable of being repurchased represents, as at December 31, 2012, 9.16% of Rexel's share capital, *i.e.*, 24,899,788 Rexel shares.

Maximum purchase price

The maximum purchase price per share would be set at €22, it being specified that in the event of a share capital transaction, including by way of a capitalization of reserves and free share allocation, share split or reverse share split, such price would be adjusted accordingly.

Maximum amount

The maximum amount allotted to the implementation of the share repurchase plan would amount to €250,000,000.

Terms of purchase and sale

The acquisition, sale or transfer of shares could be effected or paid for by all means, on the market or over the counter, including by means of block trade transactions or public offers, optional mechanisms, derivative instruments, purchases of options or securities, in compliance with applicable regulations.

In the event of a public offer for Rexel's securities fully paid for in cash, Rexel could pursue the implementation of its share repurchase plan, in compliance applicable laws and regulations.

Duration of the share repurchase plan

The repurchase plan would have a duration of 18 months as from the shareholders' meeting, *i.e.* until November 22, 2014.

8.2.4 Other securities conferring access to the share capital

8.2.4.1 Subscription or purchase options for Rexel shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence.*

8.2.4.2 Allocation of free shares

Rexel has granted free shares to certain employees and officers of the Rexel Group in accordance with the terms set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence.*

8.2.4.3 Warrants *(bons de souscription d'actions)*

Rexel has issued warrants *(bons de souscription d'actions)* in accordance with the terms set forth in paragraph 8.1.2.7 "Issuance and granting of warrants to subscribe for Rexel shares" of this *Document de Référence.*

8.2.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up

Not applicable.

8.2.6 Share capital of Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option

Not applicable.

8.2.7 Changes in share capital

The table below shows changes in the share capital of Rexel from December 16, 2004, the date on which Rexel was created, until December 31, 2012.

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
December 16, 2004	Incorporation	8,500	–	NA	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	NA	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	NA	624,793,690	62,479,369	10
June 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	NA	627,837,730	62,783,773	10
October 28, 2005	Share capital increase to the benefit of Rexop S.A.S.	262,001	2,620,010	NA	630,457,740	63,045,774	10
April 4, 2007	Exercise by Rexdir S.A.S. and Rexop S.A.S. of share subscription warrants (BSA) issued by Rexel	1,518,854	15,188,540	NA	645,646,280	64,564,628	10
April 4, 2007	Absorption of Rexdir S.A.S. and Rexop S.A.S. by Rexel	2,085,259	20,852,590	0	666,498,870	66,649,887	10
April 4, 2007	Cancellation of treasury shares in the context of the merger	2,085,259 shares cancelled	20,852,590 (amount of share capital increase cancelled)	NA	Share capital decrease of 645,646,280	Cumulative number of shares reduced to 64,564,628	10
April 4, 2007	Division of the nominal value of shares	64,564,628	NA	NA	645,646,280	129,129,256	5
April 4, 2007	Share capital increase reserved for Ray Investment	63,813,323	319,066,615	733,853,214.5	964,712,895	192,942,579	5
April 11, 2007	Share capital increase in cash by public offering	60,606,060	303,030,300	696,969,690	1,267,743,195	253,548,639	5
April 18, 2007	Share capital increase reserved for employees	1,436,874	7,184,370	12,082,078	1,274,927,565	254,985,513	5
April 18, 2007	Share capital increase reserved for BNP Paribas Arbitrage SNC	1,008,314	5,041,570	8,268,174,8	1,279,969,135	255,993,827	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
April 14, 2009	Share capital increase following the definitive acquisition of free shares	2,151,817	10,759,085	NA	1,290,728,220	258,145,644	5
October 30, 2009	Share capital increase following the definitive acquisition of free shares	7,474	37,370	NA	1,290,765,590	258,153,118	5
Exercise of share subscription options in 2009 (acknowledged by a decision of the Management Board of January 8, 2010)	Share capital increase further to the exercise of share subscription options	66,900	334,500	NA	1,291,100,090	258,220,018	5
Exercise of share subscription options in January and February 2010 (acknowledged by a decision of the Management Board of March 16, 2010)	Share capital increase further to the exercise of share subscription options	1,215,658	6,078,290	NA	1,297,178,380	259,435,676	5
Exercise of options between March 1, 2010 and April 30, 2010 (acknowledged by a decision of the Management Board of May 20, 2010)	Share capital increase further to the exercise of share subscription options	38,666	193,330	NA	1,297,371,710	259,474,342	5
Exercise of options between May 1, 2010 and May 31, 2010 (acknowledged by a decision of the Management Board of June 24, 2010)	Share capital increase further to the exercise of share subscription options	5,001	25,005	NA	1,297,396,715	259,479,343	5
June 24, 2010	Share capital increase further to the final acquisition of free shares	146,031	730,155	NA	1,298,126,870	259,625,374	5
Exercise of options between June 1, 2010 and August 30, 2010 (acknowledged by a decision of the Management Board of August 31, 2010)	Share capital increase further to the exercise of share subscription options	46,083	230,415	33,600	1,298,357,285	259,671,457	5
October 4, 2010	Share capital increase further to the final acquisition of free shares	1,732	8,660	NA	1,298,365,945	259,673,189	5

8

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
November 17, 2010	Share capital increase reserved for employees	356,123	1,780,615	1,747,137.80	1,300,146,560	260,029,312	5
Exercise of options between August 31, 2010 and December 31, 2010 (acknowledged by a decision of the Management Board of February 1, 2011)	Share capital increase further to the exercise of share subscription options	183,684	918,420	222,966	1,301,064,980	260,212,996	5
April 21, 2011	Share capital increase further to the final acquisition of free shares	2,590,621	12,953,105	NA	1,314,018,085	262,803,617	5
May 12, 2011	Share capital increase further to the final acquisition of free shares	268,416	1,342,080	NA	1,315,360,165	263,072,033	5
June 30, 2011	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting May 19, 2011	5,376,107	26,880,535	59,137,177	1,342,240,700	268,448,140	5
Exercise of options between January 1, 2011 and June 30, 2011 (acknowledged by a decision of the Management Board of July 21, 2011)	Share capital increase further to the exercise of share subscription options	327,652	1,638,260	1,215,684	1,343,878,960	268,775,792	5
October 31, 2011	Share capital increase further to the final acquisition of free shares	24,467	122,335	NA	1,344,001,295	268,800,259	5
February 2, 2012	Share capital increase further to the exercise of share subscription options	19,500	97,500	2,100	1,344,098,795	268,819,759	5
April 12, 2012	Share capital increase further to the final acquisition of free shares	55	275	NA	1,344,099,070	268,819,814	5
May 14, 2012	Share capital increase further to the final acquisition of free shares	48,788	243,940	NA	1,344,343,010	268,868,602	5
June 25, 2012	Share capital increase further to the final acquisition of free shares	364,440	1,822,200	NA	1,346,165,210	269,233,042	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED	NOMINAL AMOUNT OF CAPITAL INCREASE (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES	NOMINAL VALUE PER SHARE (€)
June 25, 2012	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 16, 2012	2,273,474	11,367,370	19,074,446.86	1,357,532,580	271,506,516	5
July 19, 2012	Share capital increase further to the exercise of share subscription options	36,336	181,680	10,350	1,357,714,260	271,542,852	5
October 2, 2012	Share capital increase further to the final acquisition of free shares	13,226	66,130	NA	1,357,780,390	271,556,078	5
November 23, 2012	Share capital increase reserved for employees	337,465	1,687,325	NA	1,359,467,715	271,893,543	5

8.2.8 Pledges, guarantees and security interests

As of the date of this *Document de Référence* and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

8.3 BY-LAWS *(STATUTS)*

The by-laws *(statuts)* have been drawn up in accordance with the provisions applicable to a French *société anonyme* with a Management Board and a Supervisory Board. The main stipulations described below are drawn from the by-laws of Rexel as updated following the decisions of the Management Board of February 5, 2013.

8.3.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- to acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- to provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- to acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights; and

more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described

8

above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

8.3.2 Management and supervisory bodies (articles 14 to 25 of the by-laws)

8.3.2.1 Management Board (articles 14 to 18 of the by-laws)

Appointment (article 14 of the by-laws)

Rexel is managed by a Management Board made up of a minimum of two members and a maximum of five members who are appointed by the Supervisory Board.

Management Board members are not required to be shareholders. They must be individuals.

No member of the Supervisory Board may sit on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his/her term of office on the Supervisory Board ends as soon as he/she assumes his/her duties on the Management Board. No person may be appointed as member of the Management Board unless he/she complies with the rules on holding multiple offices, conflicts of interest or disqualification or prohibitions as provided by law.

Management Board members are appointed for a term of four years by the Supervisory Board, which is responsible for filling any vacancies, in accordance with the law.

Management Board members may be re-elected.

No member of the Management Board may be over the age of 65. A Management Board member is deemed to have resigned automatically at the end of the last meeting of the Supervisory Board in the financial year during which he/she reaches this age.

Management Board members are not required to own shares of Rexel.

Any member of the Management Board may be linked to Rexel by an employment agreement, which will remain effective throughout his/her term of office and after the expiration thereof.

Dismissal (article 14 of the by-laws)

Any member of the Management Board may be dismissed by a shareholders' meeting or by the Supervisory Board. If such dismissal is without due cause, it may result in the payment of damages.

Dismissal of a Management Board member shall not result in termination of any employment agreement between such member and Rexel or one of its subsidiaries.

Chairman of the Management Board – General management (article 15 of the by-laws)

The Supervisory Board appoints a member of the Management Board to serve as Chairman.

The Chairman serves in this capacity throughout his term of office as Management Board member.

The Chairman of the Management Board represents Rexel in its relationships with third parties.

The Supervisory Board may grant the same powers of representation to one or more Management Board members, who then have the title of managing directors *(directeurs généraux)*.

The Supervisory Board may dismiss the Chairman and cancel any powers of representation granted to any Management Board member.

Powers and responsibilities of the Management Board (article 16 of the by-laws)

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

Management Board members may, with the Supervisory Board's authorization, divide management responsibilities among themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

The Management Board may assign special missions to one or more of its members or to any person who is not a member, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers as it deems appropriate.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may at any time request that the Management Board submit a report on its management and on ongoing operations. This report may, at the Supervisory Board's request, be supplemented by an interim financial position of Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews the half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, for violations of the provisions of the legal provisions governing sociétés anonymes, for violations of the by-laws, or for negligence in their management, under the conditions and subject to the penalties provided by law.

Deliberations of the Management Board (article 17 of the by-laws)

The Management Board's meetings are convened by its Chairman, whenever the best interests of Rexel so require, at the registered office or at any other location specified in the meeting notice. The agenda may be set at the time of the meeting if all members are present. Notices of meeting may be given in any way, including verbally.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of at least half of Management Board members in attendance.

Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

The Management Board members may draw up Rules of Procedure to govern all issues in relation to the operations of the Management Board that are not covered by the by-laws. These Management Board Rules of Procedure may, in particular, set out the conditions for participating and voting in Management Board meetings held by videoconferencing or other means of telecommunication. In this case, Management Board members who participate in Management Board meetings by videoconferencing or any other form of telecommunications shall be considered to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

Compensation of Management Board members (article 18 of the by-laws)

The Supervisory Board determines the method and amount of compensation paid to each Management Board member. Such remuneration may be fixed or proportionate, or both fixed and proportionate.

8.3.2.2 Supervisory Board (articles 19 to 25 of the by-laws)

Members (article 19 of the by-laws)

The Supervisory Board is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a maximum term of four years. As an exception, the duties of current members of the Supervisory Board, the term of office of whom has been set to 5 years, shall run until their initial expiry date.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The mandate of the persons so designated will end by sunset on the date fixed by the unanimous decision of the Supervisory Board or on the date fixed by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a Supervisory Board member in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Supervisory Board become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Supervisory Board may co-opt one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

If the appointment of co-opted members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately convene an ordinary shareholders' meeting to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on combining offices, conflicts of interests or disqualification or prohibitions as provided by law.

The number of Supervisory Board members who are linked to Rexel by an employment agreement may not exceed one third of the Supervisory Board members in office.

Shares held by Supervisory Board members (article 20 of the by-laws)

Supervisory Board members shall not be required to own any share in Rexel.

Officers of the Supervisory Board (article 21 of the by-laws)

The Supervisory Board shall elect from among its members who are individuals a Chairman and a Deputy Chairman who shall serve in this capacity for the duration of their term of office as Supervisory Board members, unless the Supervisory Board decides to appoint a new Chairman or Deputy Chairman.

The Chairman of the Supervisory Board convenes meetings of the Supervisory Board and oversees its deliberations.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

The Supervisory Board also appoints a secretary who is not required to be a Supervisory Board member and who serves as an officer of the Board, alongside the Chairman and Deputy Chairman.

Failing this, the Supervisory Board appoints one of its members to chair the meeting.

The Chairman, Deputy Chairman and Secretary may be re-elected.

Deliberations of the Supervisory Board (article 22 of the by-laws)

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Supervisory Board, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Supervisory Board. However, when all Supervisory Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, the Chairman of the Supervisory Board is required to convene a meeting of the Supervisory Board to be held no later than fifteen days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the persons requesting the meeting may convene the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues.

In accordance with the applicable regulations, the Supervisory Board will draw up Rules of Procedure defining the methods of participating and voting at Supervisory Board meetings held by videoconference or any other forms of telecommunication.

Provided that the Supervisory Board Rules of Procedure so allow, Supervisory Board members who attend Supervisory Board meetings by videoconference or any other forms of telecommunication shall be deemed to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting shall have a casting vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members in office and only during meetings chaired by the Chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any Supervisory Board Members who attended the meeting by videoconference or other forms of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the Chairman of Supervisory Board, the Deputy Chairman, a Board member or an authorized representative.

Powers of the Supervisory Board (article 23 of the by-laws)

The Supervisory Board exercises ongoing control over the Management Board's management of Rexel. It carries out such verifications and controls as it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

In accordance with legal requirements, the Supervisory Board gives the Management Board prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The following decisions are subject to prior authorization by the Supervisory Board:

– adoption of the annual budget;

– adoption of the strategic plan;

– appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);

– proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to the shareholders;

– proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the statutory auditors;

– approval of significant changes in accounting methods;

– acceptance of and resignation from any duties as a member of a board of directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such board of directors or equivalent body;

– proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;

– proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;

– the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);

– the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;

– borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;

– awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries;

– entering into merger, spin-off or asset transfer agreements;

– admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market;

– any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries;

– any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

The Supervisory Board submits to the ordinary shareholders' meeting its comments on the Management Board's report and on the annual financial statements.

The Supervisory Board may appoint, from amongst its members, one or more special committees, for which it determines the members and responsibilities, and which operate under its responsibility; however, such responsibilities shall not result in delegating to a committee any powers vested in the Supervisory Board by law or by the by-laws, nor shall they reduce or limit the powers of the Management Board.

The rules of operation of such committees are determined by the Supervisory Board Rules of Procedure and set out in the Rules of Procedure, if any, drawn up by each committee and approved by the Supervisory Board.

Compensation of the Chairman, the Deputy Chairman, members and officers of the Supervisory Board (article 24 of the by-laws)

The ordinary shareholders' meeting may allocate attendance fees to the Supervisory Board members; the amount of such fees is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be fixed or proportionate, or both fixed and proportionate.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to Supervisory Board members, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

Liability (article 25 of the by-laws)

Supervisory Board members are liable for any personal negligence in the performance of their duties. They do not incur any liability as a result of management actions and the results thereof.

8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form.

The Rexel shares are registered on a securities account under the terms and conditions provided for by law.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

8.3.4 Changes to shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

8.3.5 Shareholders' meetings (articles 27 to 35 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

8.3.5.1 Notices of meetings (article 28 of the by-laws)

Shareholders' meetings are convened by the Management Board, within the time periods and under the conditions set forth by law. They may also be convened by the Supervisory Board, or by any person authorized for this purpose by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

8.3.5.2 Agenda (article 29 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Supervisory Board members and appoint their replacements.

8.3.5.3 Access to shareholders' meetings (article 30 of the by-laws)

The right to participate in shareholders' meetings is subject to the following conditions:

- for holders of registered shares, the shares must be registered in the shareholder's name in Rexel's books at least three (3) business days before the date of the shareholders' meeting;
- for holders of bearer shares, a certificate of attendance from an authorized intermediary must be filed under the conditions provided for by law, within three (3) business days before the date of the shareholders' meeting.

A shareholder may be represented by another shareholder, by his or her spouse or by his or her civil solidarity pact (PACS) partner. Furthermore, a shareholder may be represented by any other legal entity of individual of his / her choice:

(i) where the Rexel shares are admitted to trading on a regulated market;

(ii) where the Rexel shares are admitted to trading on a multilateral trading facility that complies with the legal and regulatory provisions aiming at protecting investors against insider trading, price manipulation and the dissemination of false information in accordance with the conditions laid down in the General Regulation of the *Autorité des marchés financiers,* appearing on a list drawn up by the AMF in accordance with the terms of its General Regulation.

The proxy, as well as the withdrawal of the proxy, if applicable, must be in writing and notified to the Company, in accordance with the provisions laid down by law.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French civil code.

If the Management Board so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another form of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by videoconference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

8.3.5.4 Attendance sheet – officers of the meeting – minutes of meetings (article 31 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialled by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman of the Board, or by a Supervisory Board member specially authorized for this purpose.

If the shareholders' meeting is convened by the statutory auditor or auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

8.3.5.5 Quorum – Voting – Number of votes (article 32 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

8.3.5.6 Ordinary shareholders' meetings (article 33 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.7 Extraordinary shareholders' meetings (article 34 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.8 Shareholders' right to information (article 35 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

8.3.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

Agreements entered into by Rexel's shareholders are described in paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 20.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence.*

8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

8.3.7.1 Ownership threshold disclosures (article 11 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered

mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

8.3.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholder base in accordance with applicable laws. In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws)

Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law. The extraordinary shareholders' meeting may also decide to carry out stock splits or reverse splits.

8.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

8.4.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, the employees' investments are carried out in certain jurisdiction through mutual funds *(fonds commun de placement)*. The "Rexel Actionnariat Classique France" and the "Rexel Actionnariat Classique International" funds have been created in this context.

Each of these funds has a supervisory board, the main powers of which are as follows:

- it reviews the management report and financial statements of the fund, the financial, administrative and accounting management and adopts its annual report;
- it exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respects, appoints one or several representatives of the fund at the Rexel shareholders' meetings;
- it may submit resolutions at Rexel shareholders' meetings;
- it grants its prior agreement to certain amendments to the rules of the fund: change of management company, dissolution, merger/demerger, change in the orientations of management and classification;
- it may take legal action to defend or enforce the rights or interests of its shareholders.

Decisions of the supervisory board of the fund are approved by a majority of votes of the members present or represented. In the event of a tie, the Chairman of the meeting has a casting vote.

The means available for the supervisory board to support its decisions and carry out its duties are as follows: organization of telephone conferences, if applicable, beyond the formal scope of the meetings, various information provided by Rexel, in order to assess the economic and financial position of the Rexel Group and its outlook; information provided by the management company.

The representatives of the holders of shares at the supervisory board of the French and International funds have been fully informed of the release of the assets subscribed as part of the 2007 shareholding plan and the launch of the 2012 shareholding plan.

8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- the Senior Credit Agreement (see note 20.1.2 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*);
- the 2009 and 2010 senior Bonds (see note 20.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*); and
- the 2011 senior Bonds (see note 20.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*);
- the 2012 senior Bonds (see note 20.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

8.5
MATERIAL AGREEMENTS

During the last two years, the Rexel Group's companies have been parties to the following material agreements: the various financings obtained by the Rexel Group companies (see note 20.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

8.6
DOCUMENTS AVAILABLE TO THE PUBLIC

8.6.1 Legal documents

During the period of validity of this *Document de Référence,* the following documents, or a copy thereof, may be consulted:

- Rexel's by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements made by an expert at the request of Rexel, any part of which is included or referred to in this *Document de Référence;* and
- the historical financial information of Rexel and its subsidiaries for each of the three financial years prior to publication of this *Document de Référence.*

All of the above legal and financial documents in relation to Rexel and that must be made available to the shareholders in accordance with the applicable regulations may be consulted at the registered office of Rexel.

8.6.2 2012 annual financial report

A correlation table between the annual financial report and this *Document de Référence* is set out in chapter 10 "Correlation Tables" of this *Document de Référence.*

8.6.3 The annual document

The list of information published or made public by Rexel in the course of the last 12 months established according to article 222-7 of the General rules of the *Autorité des marchés financiers* is as follows:

DATE	TITLE
PRESS RELEASES (AVAILABLE ON www.rexel.com)	
January 11, 2012	Nominations
February 1, 2012	Rexel reinforces its presence in Canada through the acquisition of Liteco
February 6, 2012	Rexel becomes a leader in the Brazilian market through two new acquisitions
February 9, 2012	Rudy Provoost succeeds Jean-Charles Pauze as Rexel's Chairman of the Management Board
February 10, 2012	Fourth Quarter & full-year 2011 results
February 14, 2012	Rexel enters into a partnership with Ashoka and adheres to the Global Compact
February 27, 2012	Rexel strengthens its presence in the United Kingdom through the acquisition of the assets of Wilts Wholesale Electrical
March 1, 2012	Rexel strengthens its presence in Belgium with the acquisition of La Grange
March 16, 2012	Rexel launches $300 Million note offering
March 16, 2012	2011 *Document de Référence* made availbale
March 19, 2012	Rexel enters the ASPI Eurozone® index
March 22, 2012	Rexel places USD400 million of notes
March 30, 2012	Rexel awarded the gold trophy "Corporate Finance Department – Industry Sector"
April 3, 2012	Appointments within Rexel's Executive Committee
April 10, 2012	Terms and condition for the payment of the dividend in shares or in cash
March 12, 2012	Rexel acquires the assets of Société Commerciale Toutelectric in Southwest France
March 17, 2012	Additional issuance of notes in an amount of USD100 million
March 27, 2012	Ordinary and Extraordinary Shareholders'meeting of May 16, 2012
May 3, 2012	First-quarter 2012 results (unaudited)
May 16, 2012	Rexel's 2012 Annual General Meeting
May 16, 2012	Rexel expands its presence in the USA with the strategic acquisition of Platt Electric Supply
May 29, 2012	Investor Day: Rexel unveils its Energy in Motion company plan
June 1, 2012	Rexel enters the MSCI Global Standard indice
June 25, 2012	Results of the option for the payment of the dividend in shares
July 19, 2012	Etienne Bertin joins Rexel as Chief Information Officer
July 27, 2012	Second-quarter & half-year 2012 results (unaudited)
September 3, 2012	Rexel launches a new employee share purchase plan in 16 countries
October 1, 2012	Pierre Allard-Couluon has joined Rexel as Vice-President Rexel IPG
October 31, 2012	Rexel acquires Munro Distributing Company in the USA
October 31, 2012	Michel Favre to step down as group CFO in the coming months
October 31, 2012	Third-quarter & 9-month 2012 results
December 11, 2012	Rexel strengthens its organisational structure in line with the strategic priorities of the "Energy in Motion" company plan
December 17, 2012	Renewable Energy brand "Natural Sparx" wins prestigious construction marketing award
PUBLICATIONS IN THE *BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES* (AVAILABLE ON www.journal-officiel.gouv.fr)	
April 9, 2012	Convening of shareholders' meeting
April 27, 2012	Convening of shareholders' meeting
June 13, 2012	Periodical publications – commercial and industrial companies (annual financial statements)

DATE	TITLE
DOCUMENTS FILED WITH THE CLERK OF THE COMMERCIAL COURT (AVAILABLE FROM THE CLERK OF THE COMMERCIAL COURT OF PARIS)	
March 12, 2012	Extract of minutes: Change in the Chairman of the Management Board
May 10, 2012	Updated by-laws
May 10, 2012	Extract of minutes: Share capital increase, Amendments of by-laws
June 8, 2012	Updated by-laws
June 8, 2012	Extract of minutes: Share capital increase, Amendments of by-laws
June 8, 2012	Extract of minutes: Decision to increase the share capital
June 27, 2012	Extract of minutes: renewal of Supervisory Board members, appointment of Supervisory Board members, Decision to reduce the share capital, Authorization to increase the share capital, Change in principal and deputy statutory auditors
July 6, 2012	Updated by-laws
July 6, 2012	Extract of minutes: Share capital increase, Amendments of by-laws
July 6, 2012	Extract of minutes: Authorization to increase the share capital
August 24, 2012	Updated by-laws
August 24, 2012	Extract of minutes: Share capital increase, Amendments of by-laws
October 9, 2012	Updated by-laws
October 9, 2012	Extract of minutes: Share capital increase, Amendments of by-laws
December 4, 2012	Updated by-laws
December 4, 2012	Certificate – bank certificate
December 4, 2012	Extract of minutes – Share capital increase, Amendments of by-laws

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE*

8.7.1 Person responsible for the *Document de Référence*

Rudy Provoost, Chairman of the Management Board of Rexel.

8.7.2 Responsibility statement

I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this *Document de Référence* reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the management report, comprising the chapters referred to in paragraph 9.1.1 of this *Document de Référence* provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the statutory auditors a letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this document and read the entire document.

The consolidated financial statements for the year ended December 31, 2012, set forth in this *Document de Référence* have been the subject of a report of the auditors, set forth in section 5.2 of this *Document de Référence*, which contains the following note:

"Without qualifying our opinion, we draw your attention to note 2.2.1 to the consolidated financial statements which sets out the change in accounting Policy related to the early adoption of the amendment to IAS 19 "Employee Benefits"."

Rudy Provoost
Chairman of the Management Board of Rexel
Paris, March 13, 2013

8.7.3 Person responsible for financial communication

Marc Maillet
Vice President, Investors Relations

Address: 189-193, boulevard Malesherbes, 75017 Paris
Telephone: +33 (0)1,42,85,85,00
Fax: +33 (0)1,42,85,92,05

8.7.4 Indicative financial information timetable

Financial information reported to the public by Rexel will be available on the Rexel website (www.rexel.com).

For indicative purposes only, Rexel's financial information timetable up to December 31, 2013, should be as follows:

Q1, 2013 results	May 2, 2013
Shareholders' meeting	May 22, 2013
H1, 2013 results	July 26, 2013
Q3, 2013 results	October 31, 2013

8.8 STATUTORY AUDITORS

8.8.1 Principal Statutory Auditors

Ernst & Young Audit
Represented by Pierre Bourgeois

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris la Défense Cedex

Ernst & Young Audit was appointed principal statutory auditor on the date of incorporation of Rexel on December 16, 2004. Its duties were renewed by Rexel's shareholders' meeting of May 20, 2010 for a term of six years expiring at the end of the shareholder's meeting which is to approve the financial statements for the financial year ending December 31, 2015.

Ernst & Young is a member of the regional body of statutory auditors of Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

PricewaterhouseCoopers Audit
Represented by Christian Perrier

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed principal statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years, in replacement of KPMG. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2017.

PricewaterhouseCoopers Audit is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

8.8.2 Deputy Statutory Auditors

Auditex
11, allée de l'Arche
92400 Courbevoie

Auditex was appointed deputy statutory auditor by the shareholders' meeting of Rexel of May 20, 2010 for a term of six years which is to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2015.

Anik Chaumartin
63, rue de Villiers
92208 Neuilly-sur-Seine cedex

Anik Chaumartin was appointed deputy statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years. Her appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2017.

8.8.3 Fees paid to Statutory Auditors

The table below sets forth the fees paid to Ernst & Young Audit and KPMG Audit for services performed during 2011 and to PricewaterhouseCoopers Audit and Ernst & Young Audit during 2012:

(in millions of euros)	KPMG AUDIT				PRICEWATERHOUSECOOPERS AUDIT				ERNST & YOUNG AUDIT			
	AMOUNT		%		AMOUNT		%		AMOUNT		%	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
AUDIT SERVICES												
Auditor fees and fees for other Audit work (1)												
Issuer	–	0.5	–	15.6%	0.5	–	17.9%	–	0.5	0.5	14.1%	11.4%
Consolidated entities	–	2.1	–	62.0%	1.9	–	67.9%	–	2.6	2.5	70.7%	57.5%
Sub-total (1)	**–**	**2.6**	**–**	**77.7%**	**2.4**	**–**	**85.8%**	**–**	**3.1**	**3.0**	**84.9%**	**82.9%**
Other work and services directly related to Audit work (2)												
Issuer	–	0.1	–	3.0%	–	–	–	–	0.2	0.2	6.0%	3.7%
Consolidated entities	–	0.5	–	15.2%	0.2	–	7.1%	–	0.3	1.0	6.8%	24.0%
Sub-total (2)	**–**	**0.6**	**–**	**18.2%**	**0.2**	**–**	**7.1%**	**–**	**0.5**	**1.2**	**12.8%**	**27.7%**
Sub-total	**–**	**3.2**	**–**	**95.9%**	**2.6**	**–**	**92.9%**	**–**	**3.6**	**4.1**	**97.7%**	**96.6%**
OTHER SERVICES (3)												
Legal, tax, social	–	0.1	–	2.3%	0.2	–	7.1%	–	0.1	0.1	2.3%	3.4%
Other	–	0.1	–	1.8%	–	–	–	–	–	–	–	–
Sub-total (3)	**–**	**0.1**	**–**	**4.1%**	**0.2**	**–**	**7.1%**	**–**	**0.1**	**0.1**	**2.3%**	**3.4%**
TOTAL	**–**	**3.4**	**–**	**100.0%**	**2.8**	**–**	**100.0%**	**–**	**3.7**	**4.3**	**100.0%**	**100.0%**

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ANNEX B

This Annex B contains extracts from the English version of our reference document for the year ended as of and for December 31, 2011, the French version of which was filed with the French Autorité des Marchés Financiers on March 15, 2012 under the number D.12-0164 (the "2011 Reference Document"). The information in this Annex B has not been updated since March 15, 2012, and speaks only as of its date. Any statement contained in this Annex B shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained in this offering memorandum modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering memorandum. Cross references to sections of the 2011 Reference Document that are not included in this Annex B shall be deemed not made and the corresponding sections shall not be considered part of this Annex B. This Annex B is an important part of this offering memorandum.

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4 RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE REXEL GROUP

4.1 GENERAL OVERVIEW 78

4.1.1 Rexel Group overview 78

4.1.2 Seasonality 79

4.1.3 Effects of changes in copper price 79

4.1.4 Comparability of the Rexel Group's operating results 79

4.2 CONSOLIDATED RESULTS 81

4.2.1 Rexel's consolidated financial results 81

4.2.2 Europe 84

4.2.3 North America 85

4.2.4 Asia-Pacific 86

4.2.5 Other operations 87

4.3 CASH FLOW STATEMENT 88

4.3.1 Cash flow from operating activities 89

4.3.2 Cash flow from investing activities 89

4.3.3 Cash flow from financing activities 90

4.4 SOURCES OF FINANCING 91

4.5 TRENDS, TARGETS AND FORECASTS 92

4.5.1 Business trends 92

4.5.2 Outlook of the Rexel Group 92

4.6 SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR COMMERCIAL POSITION 93

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

- the operating and financial review of the Rexel Group for the year ended December 31, 2010 which is included in pages 71 to 83 and the consolidated financial statements which are included in pages 89 to 148 of the *Document de Référence* filed with the *Autorité des marchés financiers* on April 11, 2011 under number D.11-0272, as supplemented by the update to the *Document de Référence* filed with the AMF on April 28, 2011 under number D.1-0272-A01; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2009 which is included in pages 68 to 84 and the consolidated financial statements which are included in pages 85 to 143 of the *Document de Référence* registered by the *Autorité des marchés financiers* on April 21, 2010, under number R.10-024.

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

4.1 | GENERAL OVERVIEW

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

4.1.1 | Rexel Group overview

The Rexel Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Rexel Group principally operates in three geographic areas: Europe, North America, and the Asia-Pacific region. This geographic segmentation is based on the Rexel Group's financial reporting structure. The "Other operations" segment includes:

- the electrical equipment distribution business in Latin America (Brazil and Chile, 2% of Group sales);
- the ACE (Agencies/Consumer Electronics) division, whose remaining assets were disposed of in the third quarter of 2011, namely Hagemeyer Brands Australia, a company specialized in the retail distribution of electronic products and domestic appliances in Australia and Kompro B.V., a company specialized in the retail distribution and maintenance of multi-function printers in The Netherlands;
- certain businesses managed at Group level;
- the unallocated corporate overhead expenses.

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

The Europe zone (59% of Group sales) consists of France (which accounts for approximately 33% of Rexel Group consolidated sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

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

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

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

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets

recognized on the occasion of purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the Other operations segment.

4.1.2 | Seasonality

Despite the low impact of seasonality on sales, changes in the Rexel Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Rexel Group's cash flows are lower in the first and third quarters, because of increased working capital requirements in those periods, while they are relatively higher in the second and fourth quarters.

4.1.3 | Effects of changes in copper price

The Rexel Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 18% of the Rexel Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and competitive environment of markets in which the Rexel Group operates. Changes in copper price have estimated "recurring" and "non-recurring" effects on the Rexel Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

– the **recurring** effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales;

– the **non-recurring** effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been reconstituted (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Rexel Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

4.1.4 | Comparability of the Rexel Group's operating results

The Rexel Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Rexel Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Rexel Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Rexel Group's consolidated results presented below, financial information is also restated to give effect to following adjustments.

4

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Rexel Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Rexel Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Rexel Group restates its comparative period results at the current year's exchange rates.

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

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 4.1.3 above, is excluded from the information

presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Rexel Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Rexel Group neutralizes this effect by proportionally adjusting the comparative sales number to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Rexel Group's consolidated results, some or all of the following information is provided for comparison purposes:

- on a constant basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;
- on a constant and same number of working days basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- on a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Rexel Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Rexel Group uses the "EBITA" measure to monitor its performance. EBITA is not an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	YEAR ENDED DECEMBER 31,	
(in million of euros)	2011	2010
Operating income before other income and other expenses	**703.9**	**593.1**
Change in scope effects	–	7.4
Foreign exchange effects	–	4.4
Non-recurring effect related to copper	6.4	(23.3)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	15.7	22.8
Adjusted EBITA on a constant basis	**726.0**	**604.4**

4.2 | CONSOLIDATED RESULTS

4.2.1 | Rexel's consolidated financial results

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

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

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

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

4

Sales

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

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

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

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

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

Sales growth 2011 vs. 2010

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

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

Gross profit

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

Distribution & administrative expenses

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

EBITA

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

Other income and expenses

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

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

- €39.8 million of costs related to restructuring plans implemented in Europe (€31.2 million, mainly in Spain, in the United Kingdom and in The Netherlands), in North America (€6.3 million) and Asia-Pacific (€1.9 million, mainly in New Zealand);
- €26.1 million of revenues related to the disposal of Hagemeyer Brands Australia and Kompro B.V.;
- €6.4 million of net revenue from the gain on disposals of commercial branch properties, principally in the United States;
- €5.6 million of acquisition costs arising from completed and proposed transactions; and
- €7.2 million of net expenses related to litigation with social security authorities for €4.4 million, to employee claims for €2.0 million and to VAT claims for €0.8 million.

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

- €65.2 million of costs related to the restructuring plans initiated in 2009 to adapt the Rexel Group's structure to market conditions, mainly in Europe for €48.3 million and in North America for €12.6 million;
- €36.6 million of goodwill impairment relating to operations in The Netherlands (€23.5 million), New Zealand (€8.9 million) and Slovenia (€4.2 million);
- €10.6 million loss related to the disposal of H.C.L. Asia and Haagtechno BV; and
- €12.7 million of other income, comprised of a €3.7 million tax indemnification payment from the PPR Group under an indemnity granted to Rexel in 2005, €3.6 million stemming from the reduction of pension liabilities, €2.5 million relating to reversals of restructuring provisions in France, and €2.9 million of proceeds from disposals of building (mainly in Sweden).

Net Financial income / (expense)

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

Share of profit/(loss) of associates

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

Tax expense

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

Net income

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

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

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

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

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

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

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

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

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

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

In 2011, Europe recorded a gross profit of €1,941.0 million, an increase of 7.0% from 2010, on a reported basis. On

a constant basis, adjusted gross profit increased by 6.7% and adjusted gross margin was 26.2% of sales, an improvement of 40 basis points from 2010, mainly due to better purchasing terms, notably in the fourth quarter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and by the successive earthquakes in Christchurch that delayed reconstruction work.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.3 CASH FLOW STATEMENT

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

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

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

4.3.1 | Cash flow from operating activities

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

Operating cash flow

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

Interest and taxes

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

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

Change in working capital requirements

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

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

4.3.2 | Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €124.4 million outflow in 2011, as compared to an outflow of €106.8 million in 2010.

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

Acquisitions and disposals of fixed assets

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

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

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

Financial investments

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

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

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

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

4.3.3 | Cash flow from financing activities

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

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

- repayment of drawings under the 2009 Senior Credit Agreement amounting to €695.9 million,
- buy-back of notes issued in May 2011 for €11.3 million,
- a decrease in assigned receivables with respect to securitization programs of €5.0 million and new transaction costs relating to the new securization program of €3.2 million,
- a dividend distribution in cash in respect of the 2010 fiscal year of €19.2 million, and
- net acquisition of treasury shares of €30.8 million.

Inflows were comprised of:

- a bond issue in May 2011 of €492.8 million net of transaction costs,
- other variations in credit lines amounting to €94.4 million, primarily consisting of the issue of commercial paper (for an €47.8 million increase in commercial paper),
- €16.6 million from new leasing transactions, and
- a capital increase in cash of €2.4 million.

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

- a reduction of the maximum commitment under the 2009 Senior Credit Agreement by €407.8 million,
- a reduction in securitization programs bearing on trade receivables by €34.3 million,
- changes in other credit facilities in the amount of €24.4 million,
- payments related to finance lease liabilities in the amount of €5.2 million, and
- transaction costs paid in connection with Group refinancing in the amount of €5.0 million.

Inflows in 2010 included:

- issuance of additional senior unsecured bonds in the amount of €75.0 million (€76.7 million including the issuance premium),
- issuance of treasury notes in the amount of €56.9 million, and
- proceeds from share capital increase related to the exercise of stock-options and to an employee share purchase plan for an aggregate amount of €9.7 million.

4.4 SOURCES OF FINANCING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4

4.5 TRENDS, TARGETS AND FORECASTS

4.5.1 | Business trends

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

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

2011 ORGANIC GROWTH COMPARED TO 2010

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

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

– that business should be somewhat stable in Europe, with a slight growth in Northern European countries compensating the continuing recession expected in Southern European countries,

– that business in North America should be sustained, with a growth of a few points,

– that business in emerging countries (Asia and Latin America) should remain sustained and higher than in North America,

– that the activity in the Pacific, which decreased over the second half of 2011, should gradually recover during the year.

4.5.2 | Outlook of the Rexel Group

The objectives and estimates presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown to the Rexel Group as of the date of this Document de Référence. In addition, the occurrence of certain of the risks described in chapter 2 "Risk Factors" of this Document de Référence could have an impact on the business, the financial condition, and the results of operations of the Rexel Group and hence its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives will be met.

4.5.2.1 Rexel Group 2011 outlook and estimates

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

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

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

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

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

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

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

At the time its first half 2011 results were published, Rexel revised this objective upwards, with an expected

rise in the EBITDA margin by at least 50 base points in 2011 compared to the 5.0% reached in 2010.

– **Generating solid cash flow**

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

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

4.5.2.2 Rexel Group 2012 outlook and estimates

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

In this context, Rexel should also in 2012:

– At least maintain its Adjusted EBITA margin at the same level as the 5.7% reached in 2011,

– Generate free cash-flow before interest and tax of around €600 million.

4.5.2.3 Rexel Group medium-term outlook

Rexel confirms its medium-term strategic priorities:

– Strengthen its competitive positions through organic growth and acquisitions;

– Enhance its profitability and optimize capital employed to achieve an Adjusted EBITA margin of close to 6.5% and a return on capital employed close to 14%,

– Generate a solid free cash flow.

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

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

To Rexel's knowledge, and with the exception of the items described in this *Document de Référence*, there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2011.

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